6. APPROVALS AND CONDITIONS (Cont'd)

Conditions Imposed By SC	Status of Compliance
(vi) AmInvestment Bank Berhad (AmInvestment) / DEHB should inform the SC with the status of compliance with the NDP requirement upon completion of the proposed listing exercise;	Will be complied. AmInvestment Bank/ DEHB will inform SC with the status of compliance with the NDP requirement upon completion of the IPO.
(vii) DEHB shall enter into long-term lease agreements with the registered owners of the following premises, based on "arm's length" basis and not based on terms which are unfavourable to the DEHB Group:	Complied. DEHB Group has extended the lease agreements for these buildings to not less than seven (7) years, details of which are set out in Section 8.

Registered owners	Location	Description
Ling Suk Kiong and Wong Siew Hong	1st and 2nd floor, Lot 868, Jln Permaisuri, Miri, Sarawak	3-storey shop house for Head office, management, sales and marketing, engineering works
Ling Suk Kiong and Joe Ling Siew Loung	Lot CL205318752 Ranca-Ranca, Labuan	Open yard fabrication facilities with workshop & warehouse
Joe Ling Siew Loung and Chong Siaw Choon	Sublot 2429, Jln Cattleya, 2 Piasau Industrial Estate, Miri Sarawak	2-storey industrial building

Conditions Imposed By SC	Status of Compliance
(viii) DEHB to fully comply with all the relevant requirements pertaining to the implementation of the listing proposal as specified in the *SC Guidelines*.	Will be complied.

The SC (under the FIC's *Guidelines on the Acquisition of Interests, Mergers and Take-Overs by Local and Foreign Interests*) has noted that the equity structure relating to Bumiputera, non-Bumiputera and foreign shareholders in DEHB would change arising from the implementation of the listing proposal, as follows:-

Shareholders	Before proposal [(1)] % held	After proposal % held
Bumiputera	50.00	[(1) (2)] 56.06
Non-bumiputera	50.00	37.56
Foreign	-	6.38
Total	**100.00**	**100.00**

Notes:
(1) As at incorporation
(2) Excluding public portion and subject to approval from MITI

6. APPROVALS AND CONDITIONS (Cont'd)

The MITI had approved the IPO vide its letter dated 26 February 2008. The conditions imposed by the MITI and the status of compliance are as follows:-

	Conditions Imposed By MITI	Status of Compliance
(i)	MITI recognises the shareholdings of the Bumiputera investors in DEHB upon completion of the Proposed Listing as follow:- Shareholder / Shareholdings / % shareholdings: Tengku Yusof Bin Tengku Ahmad Shahruddin: 52,148,448 / 14.81 VESB: 55,059,760 / 15.64 **Total: 107,208,208 / 30.45** subject to the following condition:- approval of the MITI is required for the sell/ transfer of the recognised shareholdings. However, the sell/ transfer for up to 30% of the said shareholdings is allowed without obtaining approval of the MITI.	To be complied, if applicable.
(ii)	DEHB to inform MITI of the shareholdings of the recognised Bumiputera shareholders, six (6) months after the listing of DEHB for purpose of ascertaining compliance.	To be complied. DEHB to inform MITI in due course.

The SC had approved the exemptions sought under the Prospectus Guidelines via its letter dated 28 February 2008. The details of the exemptions sought for, the approval and accompanying conditions imposed by the SC together with the status of compliance are as follows:-

Relevant Section of Prospectus Guidelines	Relief from Prospectus Guidelines	Decision and Status of Compliance
(i) Paragraph 8.09(n), Chapter 8 To disclose salient terms of the contracts/ arrangements on which the corporation is highly dependent . Such contracts/ arrangements include information on patents or licences, industrial, commercial or financial contracts or new manufacturing processes, where such factors are material to the corporation's business or profitability.	Waiver from disclosure of certain sensitive salient terms of the four (4) material agreements disclosed in Section 4.2.6 (c).	Approved, subject to DEHB submitting to SC two (2) copies of the said agreements:- (a) One (1) certified true copy without any alteration / blackened out of the relevant terms; and (b) One (1) certified true copy with the relevant terms blackened out.
(ii) Paragraph 20.01(c), Chapter 20 To make available for public inspection each contract disclosed in the prospectus and, in the case of contracts not reduced into writing, a memorandum which gives full particulars of the contracts.	Waiver from making available for public inspection the sensitive salient terms of the four (4) material agreements disclosed in Section 4.2.6 (c).	

7. RELATED-PARTY TRANSACTIONS/ CONFLICT OF INTEREST

7.1 EXISTING AND PROPOSED RELATED-PARTY TRANSACTIONS AND CONFLICT OF INTEREST

Pursuant to the Listing Requirements, a "Related Party" of our Group is a director or substantial shareholder having an interest of 10% or more of the aggregate of the nominal amounts of all the voting shares of our Company or our subsidiaries or an interest of 5% or more of the aggregate of the nominal amounts of all the voting shares of our Company or our subsidiaries where such person is the largest shareholder of our Company or its subsidiaries, and includes any person who was or within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a director or substantial shareholder as well as a person connected with such director or major shareholder.

Save as disclosed below, for the past three (3) FYE 30 September 2007, we do not have any other existing and/or proposed related party transactions or other subsisting contracts of arrangement entered into which involved the interest, direct or indirect, of our Directors, substantial shareholders and/or key management and/or persons connected to them as defined under Section 122A of the Act.

7.1.1 Recurrent Related Party Transactions

Save as disclosed below, for the past three (3) FYE 30 September 2007, our Group does not have any other existing and/or proposed recurrent related party transactions entered into by our Group which involved the interest, direct or indirect, of our Directors, substantial shareholders and/or key management and/or persons connected to them as defined under Section 122A of the Act.

Transacting Parties	Business Activities of Company Outside of DEHB Group	Nature of Transaction	Potential/ Actual Areas of Conflict of Interest and/ or Related Party Transaction	Transaction Value (RM'000) FYE 30 September 2005	2006	2007	15-months to 31.12.2008 (Forecast)
S.K. Ling & Sons Sdn Bhd (Ling Suk Kiong is a director and substantial shareholder)	Provision of rental of equipment to the Oil and Gas Industry	Rental of equipment to DESB	Ling Suk Kiong is our Deputy Chairman/ Promoter and substantial shareholder	390	224	397	* 100
Ling Suk Kiong and Joe Ling Siew Loung @ Lin Shou Long	Property owners	Rental of open yard warehouse and office situated at Lot No. CL205318752, Kg. Ranca-Ranca, 87000 Labuan Federal Territory to DESB/ DMSSB/FTSB	Ling Suk Kiong is our Deputy Chairman/ Promoter and substantial shareholder whilst Joe Ling Siew Loung @ Lin Shou Long is our Deputy Managing Director	# 165	# 396	# 660	# 825
Ling Suk Kiong and his spouse Wong Siew Hong	Property owners	Rental of office located at 1st and 2nd floor of lot 868, Jalan Permaisuri, 98000 Miri Sarawak to DESB	Ling Suk Kiong is our Deputy Chairman/ Promoter and substantial shareholder	30	30	30	38

7. RELATED-PARTY TRANSACTIONS/ CONFLICT OF INTEREST (Cont'd)

Transacting Parties	Business Activities of Company Outside of DEHB Group	Nature of Transaction	Potential/ Actual Areas of Conflict of Interest and/ or Related Party Transaction	Transaction Value (RM'000) FYE 30 September			
				2005	2006	2007	15-months to 31.12.2008 (Forecast)
Joe Ling Siew Loung @ Lin Shou Long and his spouse Chong Siaw Choon	Property owners	Rental of office located at Sublot 2429, Jalan Cattleya, 2 Piasau Industrial Estate, 98000 Miri, Sarawak to DMSSB	Joe Ling Siew Loung @ Lin Shou Long is our Deputy Managing Director	@ 25	34	34	46

Notes : * *On 1 January 2008, S.K. Ling & Sons Sdn Bhd ceased to lease equipment to our Group. The amount forecast for the fifteen (15)-month ending 31 December 2008 is in respected of the period 1 October 2007 to 31 December 2007*

\# *The fluctuations in rental charged was due to only five (5)-month rental being incurred by DESB in FYE 30 September 2005 as the rental commenced from May 2005). During FYE 30 September 2006, full year rental were incurred by DESB. During FYE 30 September 2007, DMSSB and FTSB commenced renting the warehouse, thus contributing to the higher rental charges.*

@ *For nine (9)-month only as the rental commenced from Jan 2005*

All transactions were based on normal commercial terms and are on arm's length basis.

7.1.2 Non-Recurrent Related Party Transactions

Save for the Acquisitions and the Rights Issue, for the past three (3) FYE 30 September 2007, our Group does not have any existing and/or proposed related party transactions entered into by our Group which involved the interest, direct or indirect, of our Directors, substantial shareholders and/or key management and/or persons connected to them as defined under Section 122A of the Act.

7.1.3 Shareholders' Advances

There have been no shareholders' advances by the shareholders of our Group to the companies within our Group.

Our Directors are of the opinion that all business transactions between our Group and our Directors and substantial shareholders and/or persons connected to them are on arm's length basis and on terms not more favourable to the related parties than those generally available to the public. The Audit Committee will supervise the terms of related party transactions, and our Directors will report related party transactions, if any, annually in our Company's annual report.

7.2 TRANSACTION THAT ARE UNUSUAL IN THEIR NATURE OR CONDITIONS

There are no transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which we or our Company or subsidiaries was a party in respect of the past three (3) FYE 30 September 2007 and subsequent financial period thereof immediately preceding the date of this Prospectus.

7.3 OUTSTANDING LOANS (INCLUDING GUARANTEES OF ANY KIND) MADE BY US OR ANY OF OUR SUBSIDIARIES TO/FOR THE BENEFIT OF RELATED PARTIES

There are no outstanding loans (including guarantees of any kind) made by our Company and/or subsidiaries to or for the benefit of our Directors, substantial shareholders and/or persons connected to them as at the end of each of the past three (3) FYE 30 September 2007 and subsequent financial year/period thereof immediately preceding the date of this Prospectus.

7.4 INTERESTS IN SIMILAR BUSINESS

As at LPD, to the best of knowledge and belief of our Directors and substantial shareholders, none of our Directors or substantial shareholders and/or key management and technical personnel are interested, directly or indirectly, in any business carrying on a similar trade as our Group.

7.5 PROMOTIONS OF ANY MATERIAL ASSETS ACQUIRED/ TO BE ACQUIRED WITHIN THREE (3) YEARS PRECEDING THE DATE OF THIS PROSPECTUS

Save for the Acquisitions and as disclosed in Section 7.1, none of our Directors and substantial shareholders has any interest, direct or indirect, in the promotion of or in any material assets acquired or proposed to be acquired or disposed or proposed to be disposed of or leased or proposed to be leased to us or any of our subsidiaries and associated companies within the three (3) years preceding the date of this Prospectus.

7.6 CONTRACTS OR ARRANGEMENTS IN WHICH OUR DIRECTORS OR SUBSTANTIAL SHAREHOLDERS ARE INTERESTED AND SIGNIFICANT IN RELATION TO OUR BUSINESS

As at LPD, none of the Directors and/or substantial shareholders of our Group has interest in any contract or arrangement, which is significant in relation to the business of our Group.

7.7 RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

Pursuant to Paragraph 10.09 of the Listing Requirements, a listed issuer may seek the shareholders' mandate in respect of related party transactions involving recurrent transactions of revenue or trading in nature subject to the following:-

(a) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;

(b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or exceeds the applicable prescribed threshold under paragraph 2.1 of Practice Note No. 12/2001 of the Listing Requirements; and

(c) in a meeting to obtain shareholders' mandate, the interested director, interested major shareholder or interested person connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must not vote on the resolution approving the transactions. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions.

7. RELATED-PARTY TRANSACTIONS/ CONFLICT OF INTEREST (Cont'd)

Our Group would, in the ordinary course of our business, enter into transactions, including but not limited to the transactions described in related party transactions set out in Section 7.1, with persons which are considered "related party" as defined in Chapter 10 of the Listing Requirements. It is likely that such transactions will occur with some degree of frequency and could arise at any time and from time to time.

Due to the time-sensitive nature of commercial transactions, the shareholders' mandate will enable us, in our normal course of business, to enter into the categories of related party transactions, provided such interested person transactions are made at arm's length and on normal commercial terms.

An application will be sought from Bursa Securities within three (3) market days from the issuance of this Prospectus for a waiver to allow our Group to obtain shareholders' ratification and shareholders' mandate for recurrent related party transactions to be entered into by us or any of our subsidiaries with our directors or substantial shareholders or persons connected with such directors or substantial shareholders at our extraordinary general meeting or annual general meeting, whichever earlier, commencing next after our listing date.

7.8 DECLARATION BY THE ADVISERS, SOLE UNDERWRITER AND SOLE PLACEMENT AGENT

AmInvestment Bank has given confirmation that, as at the date of the Prospectus, there is no conflict of interest with respect of its capacity as Adviser to our Group for the IPO.

AmInvestment Bank is the Sole Underwriter and Sole Placement Agent for the IPO Shares. AmInvestment Bank has given confirmation that there is no conflict of interest with respect to their capacity as the Sole Underwriter and Sole Placement Agent for the IPO Shares. The Underwriting Agreement, which details are as set out in Section 15, was entered into on an arms-length basis and on market terms.

Messrs. Alvin Chong & Partners Advocates have given their confirmation that there is no conflict of interest with respect of their capacity as Solicitors to our Group for the IPO.

Messrs. Moore Stephens has given their confirmation that there is no conflict of interest with respect of their capacity as Auditors and Reporting Accountants to our Group for the IPO.

Vital Factor Consulting Sdn Bhd has given its confirmation that there is no conflict of interest in their capacity as the Independent Business and Market Research Consultants to the Group for the IPO.

Knight Frank (Ooi & Zaharin Sdn Bhd) has given its confirmation that there is no conflict of interest in their capacity as the Valuer to the Group for the IPO.

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8. OTHER INFORMATION CONCERNING OUR GROUP

8.1 INFORMATION ON LAND AND BUILDINGS

A summary of the land and buildings owned and leased (all our principal places of business and operational facilities as set out in Section 4.1.5 are currently rented) by our Group is as follows:-

Registered owner / Lessor	Title Description/ Location/Postal Address	Description / existing use	Special Conditions	Encumbrances	Approximate Age of Building as at 2007/ Tenure/ Date of Expiry of Lease	Date of Issuance of Occupation Certificate	Land/ Built-up area	Audited Net book value at 30.09.2007 or rental period and monthly rentals charges (RM)
DESB	Labuan Country Lease No. 205384407, Kg. Rancha-Rancha, Federal Terriority of Labuan	Vacant industrial lot intended for fabrication works	For fabrication works for Oil and Gas Industry only	Nil	999 years leasehold expiring on 02.04.2851	Not applicable	5,216 square metres	The land was acquired on 18 January 2008 at a cost of RM2,358,090.00
Ling Suk Kiong and Wong Siew Hong	Lot 868 Block 9 Miri Concession Land District 1st and 2nd Floor, Jalan Permaisuri, 98000 Miri, Sarawak	3-storey shop house DESB is currently leasing it as our Head-office, management, sales and marketing, engineering works	Land to be used only as 3-storey terrace building for commercial and residential purposes Any alteration to existing building subject to approvals by relevant authorities	Charged to RHB Bank Berhad	13 years/ 60 years/ 03.11.2059	11 March 1994	146.3 square metres	3 years commencing 01.07.2006 and expiring on 30.06.2009 with a monthly rental of RM2,500.00. This has been extended for another 10 years commencing 01.07.2009 and expiring on 31.12.2019 with monthly rental of RM2,750.00 for the first 5 years and monthly rental of RM3,025.00 for the final 5 years.
Kong Chong Hock and Wong Suk Chai	Lot 1122, Block 9, Miri Concession Land District Jalan Merpati, 98008, Miri, Sarawak	3-storey shop house DESB is currently leasing these properties as our Engineering office		Charged to CIMB Bank Berhad	12 years/ 60 years/ 26.05.2065	30 September 1995	129.9 square metres	1 year commencing 01.04.2007 and expiring on 31.03.2008 with monthly rental of RM870.00

8. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

Registered owner / Lessor	Title Description/ Location/Postal Address	Description / existing use	Special Conditions	Encumbrances	Approximate Age of Building as at 2007/ Tenure/ Date of Expiry of Lease	Date of Issuance of Occupation Certificate	Land/ Built-up area	Audited Net book value at 30.09.2007 or rental period and monthly rentals charges (RM)
Yong Shuk Wai	Lot 1124, Block 9, Miri Concession Land District Jalan Merpati, 98008, Miri, Sarawak	3-storey shop house DESB is currently leasing these properties as our Engineering office	Land to be used only as 3-storey terrace building for commercial and residential purposes Any alteration to existing building subject to approvals by relevant authorities	Nil	12 years/ 60 years/ 26.05.2065	30 September 1995	107.3 square metres	3 years commencing 01.01.2006 and expiring on 31.12.2009 with monthly rental of RM2,700.00 (with further renewal option)
Rajang Plaza Sdn Bhd	Lot 1125, Block 9 Miri Concession Land District (Ground Floor), Jalan Merpati, 98008, Miri, Sarawak			Nil	12 years/ 60 years/ 26.05.2065	23 November 1995	104.8 square metres	2 years commencing 01.11.2006 and expiring on 31.10.2008 with monthly rental of RM1,400.00
Rajang Plaza Sdn Bhd	Lot 1125, Block 9 Miri Concession Land District (1st and 2nd floor), Jalan Merpati, 98008, Miri, Sarawak			Nil	12 years/ 60 years/ 26.05.2065	23 November 1995	104.8 square metres	3 years commencing 16.05.2006 and expiring on 15.05.2009 with monthly rental of RM787.50 for 1st floor and RM630.00 for 2nd Floor
Zenith-Mint Cinema Sdn Bhd	Lot 1126, Block 9 Miri Concession Land District (Ground Floor), Jalan Merpati, 98008, Miri, Sarawak			Nil	12 years/ 60 years/ 26.05.2065	23 September 1995	104.8 square metres	2 years commencing 01.11.2006 and expiring on 31.10.2008 with monthly rental of RM1,600.00

8. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

Registered owner / Lessor	Title Description/ Location/Postal Address	Description / existing use	Special Conditions	Encumbrances	Approximate Age of Building as at 2007/ Tenure/ Date of Expiry of Lease	Date of Issuance of Occupation Certificate	Land/ Built-up area	Audited Net book value at 30.09.2007 or rental period and monthly rentals charges (RM)
Zenith-Mint Cinema Sdn Bhd	Lot 1126, Block 9 (1st and 2nd floor), Jalan Merpati, 98008, Miri, Sarawak	3-storey shop house DESB is currently leasing these properties as our Engineering office	Land to be used only as 3-storey terrace building for commercial and residential purposes Any alteration to existing building subject to approvals by relevant authorities	Nil	12 years/ 60 years/ 26.05.2065	23 September 1995	108.4 square metres	3 years commencing 16.05.2006 and expiring on 15.05.2009 with monthly rental of RM787.50 for 1st floor and RM630.00 for 2nd floor
Ling Suk Kiong and Joe Ling Siew Loung @ Lin Shou Long	Lot No. CL205318752, Kg Ranca-Ranca, District of Labuan, 87000 Labuan Federal Territory	One (1) unit of warehouse with office space rented to DESB Open yard fabrication facilities with covered workshop and warehouse	Nil	Nil	999 years leasehold expiring on 02.04.2851	4 January 2008	2.7 acres / 126,909 square feet	4 years 8 months commencing 01.09.2006 and expiring on 30.04.2010 for office space with a monthly rental of RM10,000.00 and 5 years commencing 01.05.2005 and expiring on 30.04.2010 for warehouse space for monthly rental of RM23,000.00 making a total of RM33,000.00 (up to 30.04.2010) and is further extended for 5 years with effect from 01.05.2010 with total monthly rental of RM36,000.00
Ling Suk Kiong and Joe Ling Siew Loung @ Lin Shou Long	Lot No. CL205318752, Kg Ranca-Ranca, District of Labuan, 87000 Labuan Federal Territory	One (1) unit of warehouse rented to DMSSB Open yard fabrication facilities with covered workshop and warehouse	Nil	Nil	999 years leasehold expiring on 02.04.2851	4 January 2008	2.7 acres / 126,909 square feet	4 years 8 months commencing 01.09.2006 and expiring on 30.04.2010 with a monthly rental of RM11,000.00 (up to 30.04.2010) and is further extended for 5 years with effect from 01.05.2010 with monthly rental of RM12,000.00

8. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

Registered owner / Lessor	Title Description/ Location/Postal Address	Description / existing use	Special Conditions	Encumbrances	Approximate Age of Building as at 2007/ Tenure/ Date of Expiry of Lease	Date of Issuance of Occupation Certificate	Land/ Built-up area	Audited Net book value at 30.09.2007 or rental period and monthly rentals charges (RM)
Ling Suk Kiong and Joe Ling Siew Loung @ Lin Shou Long	Lot No. CL205318752, Kg Ranca-Ranca, District of Labuan, 87000 Labuan Federal Territory	One (1) unit of warehouse rented to FTSB Open yard fabrication facilities with covered workshop and warehouse	Nil	Nil	999 years leasehold expiring on 02.04.2851	4 January 2008	2.7 acres / 126,909 square feet	4 years 8 months commencing 01.09.2006 and expiring on 30.04.2010 with a monthly rental of RM11,000.00 (up to 30.04.2010) and is further extended for 5 years with effect from 01.05.2010 with monthly rental of RM12,000.00
Asian Supply Base Sdn Bhd ("**ASB**")	Lot No. 11, Asian Supply Base, Labuan Federal Territory	One (1) unit of warehouse/ workshop rented to DMSSB DESB is currently leasing it as a warehouse	ASB operates an Offshore Supply Base at Ranca-Ranca Industrial Estate, Labuan Federal Territory. ASB is an approved Legal Landing Place and licensed to operate the Offshore Logistics Supply Base for the Oil and Gas operations. ASB is also a port where general cargoes can be imported, exported and/pr transhipped through and/or from its warehouses and vast open yards.	Information not available	12 years/ not applicable	9 January 1995	Approximately 50x100 square feet	4 years and 8 months commencing 01.09.2006 and expiring on 30.04.2010 with a monthly rental of RM11,000 (with an option to renew)
Two Thousand and One Computer (Malaysia) Sdn. Bhd.	Lot CL.017513370 Level 2,2nd Floor east Wing Wisma 2020, No. 18, Lorong Belia, Karamunsing, 88100 Kota Kinabalu, Sabah	5-storey commercial building. DESB is currently leasing Level 2 (1st Floor), East Wing of Wisma 2020 as its Administrative office	Building to be used for commercial purposes	Information not available	9 years/ Not applicable	5 August 1998	12,550 (land) 32,372 (built-up) 1,934 (built-up area of leased portion)	5 years commencing from 01.10.2005 and expiring on 30.09.2010 with monthly rental of RM3,500.00(with a 2 years renewal option)

8. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

Registered owner / Lessor	Title Description/ Location/Postal Address	Description / existing use	Special Conditions	Encumbrances	Approximate Age of Building as at 2007/ Tenure/ Date of Expiry of Lease	Date of Issuance of Occupation Certificate	Land/ Built-up area	Audited Net book value at 30.09.2007 or rental period and monthly rentals charges (RM)
Joe Ling Siew Loung @ Lin Shou Long and Chong Siaw Choon	Lot 904, Block 4 Miri Concession Land District (Parent Title) Sublot 2429, Jalan Cattleya 2, Piasau Industrial Estate, 98000 Miri, Sarawak	2 storey semi-detached industrial buildings DMSSB is currently leasing it as its Marine office	Land to be used only for industrial purposes. Development of this land and erection of building requires approval by relevant authorities. No dealing affecting this land may be effected without the consent in writing of the Director of land and Survey. No subdivision or partition of this land may be effected (Special Conditions for Parent Title)	Charged to RHB Bank Berhad	2 years/ 60 years (Parent Title)/ 10.2.2038 (Parent Title)	3 August 2005	941.2 square metres	10 years commencing from 01.01.2008 and expiring on 30.12.2018 with monthly rental of RM3,080.00 for the first 5 years and monthly rental of RM3,388.00 for the final 5 years.
Taipan Star Sdn Bhd	The Taipan No. A-3-3 No. 6 Jalan P. Ramlee 50350 Kuala Lumpur	25-storey serviced apartments and 18-storey commercial offices DESB is currently leasing Unit No.A-3-3 as its Branch Office in Kuala Lumpur	Building to be used for commercial/ residential purposes	Information not available	Less than 1 year/ Information not available	22 September 2006	1,700 square feet	Term of 2 years commencing 16.12.2007 and expiring on 15.12.2009 with a monthly rental of RM8,775

The Directors of DEHB wish to highlight that, to the best of their knowledge and belief, the properties stated in Section 8.1 above:-

(a) have not breached any of the land-use conditions/ permissible land use; and

(b) where buildings are involved, there has not been any material non-compliance with current statutory requirements, land rules or building regulations.

8.2 ACQUISITIONS OF PROPERTIES DURING THE TWO (2) YEARS PRECEDING THE DATE OF THIS PROSPECTUS

Save as disclosed herein, no other properties were acquired by our Group during the last two (2) years preceding the date of this Prospectus:-

On 12 November 2007, DESB entered into a Sale and Purchase Agreement with Tapak Positif Sdn Bhd as Vendor and DESB as Purchaser to purchase a property which is described as all that parcel of land situate at Kg. Rancha-Rancha, Federal Territory of Labuan containing 5,216 square metres more or less and held under Labuan Country Lease No.205384407. The purchase price of the property is for the sum of RM2,358,090.00 and a deposit RM23,809 has been paid upon signing the Agreement. The balance of the purchase price in the sum of RM2,122,281.00 has been paid by December 2007. The transaction was therefore completed on that date.

8.3 MATERIAL PLANT AND EQUIPMENT

Details on the material plant and equipment used by our Group is as follows:-

Registered owner	Description / Existing use	Capacity	Audited net book value as at 30.09.07
			(RM'000)
DMSSB	"Dayang Berlian": A maintenance and work vessel	Current accommodation capacity of 189 people	41,866
DMSSB	"Dayang Pertama": A maintenance and work vessel	Current accommodation capacity of 189 people	41,541
DMSSB	"Dayang Maju" : A supply boat/ landing craft	Current capacity of approximately 490 tonne	6,840
Total			**90,247**
Total audited net book value of Property, plant and equipment as at 30.09.2007			**94,506**
% of total Property, plant and equipment			**95.5%**

Save for the above, all the other plant and equipment of our Group are individually immaterial to disclose separately.

Our Board is of the opinion that our Group has sufficient capacity to carry out our current operations and will be acquiring additional vessel and equipment for anticipated increase in operations, details of which are set out in Section 4.7.

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9. FINANCIAL INFORMATION

9.1 HISTORICAL FINANCIAL INFORMATION

The following table sets out a summary of the proforma consolidated results of our Group for the past three (3) FYE 30 September 2005 to 30 September 2007. The proforma consolidated results prepared on the assumption that our Group had been in existence throughout the periods under review. The proforma consolidated results are prepared for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out in Section 10.

FYE 30 September	2005	2006	2007
	RM'000	RM'000	RM'000
Revenue	112,390	108,906	127,134
Cost of sales	(61,266)	(60,914)	(67,535)
Gross profit	51,124	47,992	59,599
Other operating income	545	339	363
Administrative expenses	(19,460)	(15,026)	(17,119)
Other operating expenses	(172)	(33)	(73)
Profit from operations	32,037	33,272	42,770
Finance costs	(693)	(2,081)	(3,537)
PBT	31,344	31,191	39,233
Taxation	(9,156)	(8,494)	(10,381)
PAT	22,188	22,697	28,852
Attributable to:			
- Equity holders of our Company	22,188	22,697	28,852
- MI	-	-	-
	22,188	22,697	28,852
Number of DEHB Shares had our Group been in existence [1] ('000)	245,826	245,826	245,826
Net EPS (sen)			
- Basic [2]	9.03	9.23	11.74
- Diluted [3]	6.30	6.45	8.20
EBIDTA	34,060	36,303	47,213
Gross profit margin	45%	44%	47%
PAT margin	20%	21%	23%
Effective tax rate	29%	27%	26%

<u>*Notes:-*</u>

(1) Based on the issued and paid-up share capital of 245,826,000 Shares after the Acquisitions

(2) Basic net EPS is calculated based on profit attributable to equity holders of our Company for the financial year divided by the number of Shares in issue had our Group been in existence of 245,826,000 Shares

(3) Diluted net EPS is calculated based on profit attributable to equity holders of our Company for the financial year divided by the enlarged number of Shares after the IPO of 352,000,000 Shares

(4) There were no exceptional or extraordinary items in all the financial years under review.

9. FINANCIAL INFORMATION (Cont'd)

The proforma consolidated results of our Group are based on the following audited financial statements:-

(a) DEHB : for the period from 10 October 2005 (date of our incorporation) to 30 September 2006 and the FYE 30 September 2007;

(b) DESB and DMSSB : for the past three (3) FYE 30 September 2007;

(c) FTSB : FYE 31 December 2004, the 9-month financial period ended 30 September 2005 and the past two (2) FYE 30 September 2007

and based on the accounting principles and bases consistent with those adopted by our Group in the preparation of the audited financial statements for the FYE 30 September 2007 which have been prepared in accordance with applicable approved accounting standards issued by the MASB and, commencing from the FYE 30 September 2007, applicable FRS issued by the MASB and after giving effect to the following adjustment and restatement:-

(a) In the preparation of the above proforma consolidated results, the figures in the audited income statement of FTSB for the FYE 31 December 2004 and the 9-month financial period ended 30 September 2005 have been pro-rated on time basis to arrive at the figures for the FYE 30 September 2005.

Further information on the proforma consolidated results is set out in Section 10.

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9.2 PROFORMA CONSOLIDATED FINANCIAL INFORMATION TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON

MOORE STEPHENS
CHARTERED ACCOUNTANTS
(FIRM NO: AF.0282)

8A Jalan Sri Semantan Satu
Damansara Heights
50490 Kuala Lumpur
Malaysia

Tel: 603 2094 1888
Fax: 603 2094 7673

REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF DAYANG ENTERPRISE HOLDINGS BERHAD

(Prepared for inclusion in this Prospectus)

The Board of Directors
DAYANG ENTERPRISE HOLDINGS BERHAD
Lot 868, 1st Floor, Jalan Permaisuri,
98000 Miri,
Sarawak.

Dear Sirs,

PROFORMA CONSOLIDATED FINANCIAL INFORMATION

We have reviewed the presentation of the proforma consolidated financial information of Dayang Enterprise Holdings Berhad ("DEHB") and its subsidiary companies ("Group") for the past three (3) financial years ended 30 September 2005 to 2007 together with the notes and assumptions thereto, as set out in this Prospectus, which we have stamped for the purpose of identification, in connection with the admission of DEHB to the Official List and the listing of and quotation for the entire issued and paid-up share capital of DEHB on the Main Board of Bursa Malaysia Securities Berhad and should not be relied on for any other purposes. The proforma consolidated financial information have been prepared for illustrative purposes only on the basis of assumptions set out below and after making certain adjustments to show that:

(i) the financial results of the Group for the past three (3) financial years ended 30 September 2005 to 2007 would have been if the group structure as at the date of this Prospectus had been in existence throughout the financial years being reported on;

(ii) the financial position of the Group as at 30 September 2007 would have been if the group structure as of the date of this Prospectus had been in place on that date, adjusted for the rights issue, the public issue and payment of the estimated listing expenses; and

(iii) the cash flows of the Group for the financial year ended 30 September 2007 would have been if the group structure as of the date of this Prospectus had been in existence throughout the financial year ended 30 September 2007, adjusted for rights issue, the public issue and payment of the estimated listing expenses.

The proforma consolidated financial information, because of its nature, may not be reflective of the Group's actual financial results, financial position and cash flows.

It is the sole responsibility of the Directors of DEHB to prepare the proforma consolidated financial information in accordance with the requirements of the Prospectus Guidelines in respect of Public Offerings issued by the Securities Commission. Our responsibility is to express an opinion on the proforma consolidated financial information based on our work.

MOORE STEPHENS
CHARTERED ACCOUNTANTS
(FIRM NO: AF.0282)

REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF DAYANG ENTERPRISE HOLDINGS BERHAD (CONTINUE)

(Prepared for inclusion in this Prospectus)

In providing this opinion, we are not up-dating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the proforma consolidated financial information, nor do we accept responsibility for such reports or opinion beyond that is owned to those to whom those reports or opinions were addressed by us at the date of their issue.

Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the proforma consolidated financial information to the audited financial statements of the Group covering the past three (3) financial years ended 30 September 2005 to 2007, considering the evidence supporting the adjustments and discussing the proforma consolidated financial information with the Directors of DEHB.

In our opinion:

(a) the proforma consolidated financial information together with the accompanying notes which are provided solely for illustrative purposes only have been properly prepared:

  (i) in a manner consistent with the basis and accounting policies of the Group; and

  (ii) in accordance with the approved accounting standards in Malaysia;

and

(b) each material adjustment made to the information used in the preparation of the proforma consolidated financial information is appropriate for the purposes of preparing such financial information.

Yours faithfully,

Moore Stephens

MOORE STEPHENS
Chartered Accountants
(AF.0282)

AU TAI WEE
1551/01/09 (J)
Partner

Dated: -5 MAR 2008

MS VERIFIED

DAYANG ENTERPRISE HOLDINGS BERHAD
(Company No: 712243-U)
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

BASIS OF PREPARATION OF PROFORMA CONSOLIDATED FINANCIAL INFORMATION

1. The proforma consolidated financial information has been prepared to illustrate that:

   (i) the financial results of Dayang Enterprise Holdings Berhad ("DEHB") and its subsidiary companies ("Group") for the past three (3) financial years ended 30 September 2007 would have been if the group structure as at the date of this Prospectus had been in existence throughout the financial years being reported on;

   (ii) the financial position of the Group as at 30 September 2007 would have been if the group structure as of the date of this Prospectus had been in place on that date, adjusted for the rights issue, the public issue and payment of the estimated listing expenses; and

   (iii) the cash flows of the Group for the financial year ended 30 September 2007 would have been if the group structure as of the date of this Prospectus had been in existence throughout the financial year ended 30 September 2007, adjusted for the rights issue, the public issue and payment of the estimated listing expenses.

2. The proforma consolidated financial information have been prepared based on the audited financial statements of DEHB and its subsidiary companies for the past three (3) financial years/period ended 30 September 2007 using the bases and accounting principles consistent with those adopted in the audited financial statements, after giving effect to the proforma adjustments which is considered appropriate.

3. The audited financial statements of DEHB and its subsidiary companies for the financial years/period ended 30 September 2007 have been prepared in accordance with the applicable Malaysian Accounting Standards Board ("MASB") approved accounting standards in Malaysia.

4. The auditors' reports on all the above mentioned audited financial statements were not subject to any reservation or qualification.

5. For illustrative purposes, it is assumed that the acquisition of Dayang Enterprise Sdn Bhd ("DESB"), Fortune Triumph Sdn Bhd ("FTSB") and DESB Marine Services Sdn Bhd ("DMSSB") which was completed on 29 February 2008 took place prior to 1 October 2004 in arriving at the proforma consolidated financial results for the past three (3) financial years ended 30 September 2007.

6. The proforma consolidated financial information have been prepared for illustrative purposes only and, because of their nature, may not give a true picture of the actual financial results, financial position and cash flows of the Group.

MS VERIFIED

A. PROFORMA CONSOLIDATED INCOME STATEMENTS

The proforma consolidated financial results of the Group for the past three (3) financial years ended 30 September 2007 are provided for illustrative purposes on the basis of assumption that the Group existed throughout the financial years under review.

	< ----- Financial year ended 30 September ----- >		
	2005	**2006**	**2007**
	RM'000	**RM'000**	**RM'000**
Operating revenue	112,390	108,906	127,134
Cost of sales	(61,266)	(60,914)	(67,535)
Gross profit	51,124	47,992	59,599
Other operating revenue	545	339	363
Administrative costs	(19,460)	(15,026)	(17,119)
Other operating costs	(172)	(33)	(73)
	(19,632)	(15,059)	(17,192)
Profit from operations	32,037	33,272	42,770
Finance costs	(693)	(2,081)	(3,537)
Profit before taxation	31,344	31,191	39,233
Taxation	(9,156)	(8,494)	(10,381)
Profit after taxation	22,188	22,697	28,852
Profit before taxation is analysed as follows:-			
Profit before depreciation and interest expense	34,060	36,303	47,213
Depreciation	(2,169)	(3,206)	(4,649)
Interest expense	(547)	(1,906)	(3,331)
Profit before taxation	31,344	31,191	39,233
Enlarged number of ordinary shares assumed in issue ('000) [1]	245,826	245,826	245,826
Gross earnings per share (sen)	12.75	12.68	15.96
Net earnings per share (sen)	9.03	9.23	11.74
GP Margin (%)	45	44	47
Profit Before Tax Margin ("PBT Margin") (%)	28	29	31
Profit After Tax Margin ("PAT Margin") (%)	20	21	23
Effective tax rate (%)	29	27	26

(1) *Based on enlarged number of ordinary shares in issue after the acquisitions of DESB, FTSB and DMSSB by DEHB.*

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NOTES TO THE PROFORMA CONSOLIDATED INCOME STATEMENTS

1. The proforma consolidated income statements for the past three (3) financial years ended 30 September 2007 are prepared based on the audited income statements of DEHB for the financial period from 10 October 2005 (date of its incorporation) to 30 September 2006 and the financial year ended 30 September 2007, DESB and DMSSB for the past three (3) financial years ended 30 September 2007 and FTSB for the financial year ended 31 December 2004, the nine (9) months financial period ended 30 September 2005 and the past two (2) financial years ended 30 September 2007.

2. The results of FTSB used for the preparation of the proforma consolidated income statement for the financial year ended 30 September 2005 are based on its audited income statement for the financial year ended 31 December 2004 and the nine (9) months financial period ended 30 September 2005 which have been pro-rated on time basis so as to arrive at the results coterminous with the financial year ended 30 September 2005.

3. All significant inter-company transactions have been eliminated from the proforma consolidated income statements.

4. There was no extraordinary item or exceptional item for all the financial years under review.

5. There was no minority interest for all the financial years under review.

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B. PROFORMA CONSOLIDATED BALANCE SHEETS

The proforma consolidated balance sheets of DEHB as set out below are prepared solely for illustrative purposes only to show the effects of the acquisitions of the entire issued and paid-up ordinary share capital of DESB, FTSB and DMSSB, the rights issue, the public issue and utilisation of proceeds from the public issue (details of which are set out in the accompanying Notes to the Proforma Consolidated Balance Sheets), had these transactions been effected on 30 September 2007.

		< ---- Proforma			---- >
		(I)	(II)	(III)	(IV)
	Company as at 30 September 2007 RM'000	Group After Acquisitions RM'000	After Proforma (I) and Rights Issue RM'000	After Proforma (II) and Initial Public Offering RM'000	After Proforma (III) and Utilisation RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	-	119,559	119,559	119,559	119,559
Deferred tax assets	-	25	25	25	25
	-	119,584	119,584	119,584	119,584
Current assets					
Inventories	-	2,921	2,921	2,921	2,921
Trade receivables	-	57,876	57,876	57,876	57,876
Other receivables, deposits and prepayments	-	1,359	1,359	1,359	1,359
Amount owing by shareholder	-	170	170	170	170
Cash on deposits with licensed banks	-	19,982	19,982	19,982	19,982
Cash and bank balances	-	5,674	25,974	150,491	145,891
	-	87,982	108,282	232,799	228,199
TOTAL ASSETS	-	207,566	227,866	352,383	347,783
EQUITY AND LIABILITIES					
Equity					
Share Capital	@	122,913	133,063	176,000	176,000
Reserves	(6)	(6)	10,144	87,124	87,124
Total Equity	(6)	122,907	143,207	263,124	263,124
Liabilities					
Non-current liabilities					
Hire purchase payables	-	182	182	182	182
Term loan - secured	-	38,874	38,874	38,874	38,874
Deferred taxation	-	1,506	1,506	1,506	1,506
	-	40,562	40,562	40,562	40,562
Current liabilities					
Trade payables	-	26,488	26,488	26,488	26,488
Other payables and accruals	(6)	3,764	3,764	8,364	3,764
Amount owing to a director	-	3	3	3	3
Hire purchase payables	-	95	95	95	95
Bank overdraft - unsecured	-	4,784	4,784	4,784	4,784
Term loans - secured	-	6,653	6,653	6,653	6,653
Taxation	-	2,310	2,310	2,310	2,310
	(6)	44,097	44,097	48,697	44,097
Total Liabilities	(6)	84,659	84,659	89,259	84,659
TOTAL EQUITY AND LIABILITIES	-	207,566	227,866	352,383	347,783

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		< ---------- Proforma ---------- >			
		(I)	(II)	(III)	(IV)
	Company as at 30 September 2007 RM'000	**Group After Acquisitions RM'000**	**After Proforma (I) and Rights Issue RM'000**	**After Proforma (II) and Initial Public Offering RM'000**	**After Proforma (III) and Utilisation RM'000**
Number of ordinary shares in issue ('000)	*	245,826	266,126	352,000	352,000
Net tangible assets	(6)	122,907	143,207	263,124	263,124
Net tangible assets per share (RM)	(3,000.00)	0.50	0.54	0.75	0.75

@ *This represents RM1.00.*
* *This represents 2 ordinary shares of RM0.50 each.*

NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30 SEPTEMBER 2007

1. The proforma consolidated balance sheets had been prepared based on the audited balance sheet of DEHB and all its subsidiary companies namely DESB, FTSB and DMSSB as at 30 September 2007.

2. The bases and accounting principles applied for the preparation of the proforma consolidated balance sheets are consistent with those presently adopted in the preparation of DEHB's consolidated financial statements.

3. In connection with the admission to the Official List and the listing of and quotation for the entire enlarged issued and paid-up share capital of DEHB on the Main Board of the Bursa Malaysia Securities Berhad, the Company undertake a flotation scheme involving, inter-alia, the following sequence of transactions which are defined herein later:-

   (i) Acquisitions (details of which are set out in Note 4.1 Proforma (I));
   (ii) Rights Issue (details of which are set out in Note 4.2 Proforma (II));
   (iii) Public Issue (details of which are set out in Note 4.3 Proforma (III)); and
   (iv) Utilisation (details of which are set out in Note 4.3 Proforma (IV)).

4. The proforma consolidated balance sheets incorporate, on a proforma basis, the following proposed transactions as if they were effected on 30 September 2007:-

4.1 Proforma (I)

Proforma (I) incorporates the following acquisitions by DEHB which were completed on 29 February 2008:-

(i) Acquisition of the entire issued and paid-up ordinary share capital of DESB comprising 2,600,000 ordinary shares of RM1.00 each for a total purchase consideration of RM62,503,443 determined based on the audited net tangible assets of DESB as at 30 September 2007 after deducting a net dividend in respect of the financial year ended on that date of RM4,000,000 which was declared and paid on 31 October 2007. The purchase consideration is satisfied by the issuance of 125,006,621 new ordinary shares of RM0.50 each in DEHB at approximately RM0.50 per new ordinary share.

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(ii) Acquisition of the entire issued and paid-up ordinary share capital of FTSB comprising 20,000 ordinary shares of RM1.00 each for a total purchase consideration of RM4,538,237 determined based on the audited net tangible assets of FTSB as at 30 September 2007. The purchase consideration is satisfied by the issuance of 9,076,455 new ordinary shares of RM0.50 each in DEHB at approximately RM0.50 per new ordinary share.

(iii) Acquisition of the entire issued and paid-up ordinary share capital of DMSSB comprising 11,000,000 ordinary shares of RM1.00 each for a total purchase consideration of RM55,871,579 determined based on the audited net tangible assets of DMSSB as at 30 September 2007 after taking into consideration a net surplus on revaluation of its marine vessels amounting to RM25,053,136 in order to reflect the fair value of these marine vessels. The purchase consideration is satisfied by the issuance of 111,742,922 new ordinary shares of RM0.50 each in DEHB at approximately RM0.50 per new ordinary share.

The net dividend of DESB of RM4,000,000 which was declared and paid on 31 October 2007 were not taken up in the audited balance sheet of this company as at 30 September 2007. For the purpose of this proforma, it is assumed that this dividend is paid from cash on deposits with licensed banks under the Current Assets.

(The above transactions are collectively referred to as "Acquisitions")

4.2 Proforma (II)

Proforma (II) incorporates the effects of Proforma (I) and the renounceable rights issue by DEHB of 20,300,000 new ordinary shares of RM0.50 each ("Rights Share") at an issue price of RM1.00 per Rights Share which was completed on 29 February 2008 ("Rights Issue").

For the purpose of this proforma, the proceeds from the Rights Issue are assumed to be retained in cash and bank balances under the Current Assets.

4.3 Proforma (III)

Proforma (III) incorporates the effects of Proforma (II) and the followings:-

(i) Public issue of 85,874,000 new ordinary shares of RM0.50 each in DEHB at an indicative issue price of RM1.45 per new ordinary share ("Public Issue").

(ii) Estimated expenses to be incurred for the flotation exercise amounts to RM4,600,000.

For the purpose of this proforma, the proceeds from the Public Issue are retained in cash and bank balances under the Current Assets.

The estimated expenses relating to the flotation exercise of RM4,600,000 are charged to the share premium account and for the purpose of this proforma, these expenses are assumed to be unpaid and included in other payables and accruals under the Current Liabilities. Payment of these expenses is reflected in Proforma (IV) below.

(The above transactions are collectively referred to as "Initial Pubic Offerings")

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4.4 Proforma (IV)

Proforma (IV) incorporates the effects of Proforma (III) and the utilisation of proceeds arising from the Rights Issue and the Public Issue.

The total proceeds arising from the Rights Issue and the Public Issue amounting to RM144,817,300 are to be utilised as follows:-

	RM'000
Full redemption of Islamic medium term notes	60,000
Part finance the construction of marine vessels and/or acquisition of equipment and machineries	51,450
Payment of estimated expenses relating to the flotation exercise	4,600
Working capital of the Group	28,767
	144,817

As at 30 September 2007, the construction cost of marine vessels and/or acquisition of equipment and machineries have not been incurred and the RM60 million nominal value Islamic medium term notes have only been issued subsequent to the balance sheet date on 18 October 2007. Therefore for the purpose of this proforma, the proceeds allocated to part finance the construction of new marine vessels and/or acquisition of equipment and machineries and for full redemption of the Islamic medium term notes together with amount for working capital of the Group are assumed to be retained in cash and bank balances under the Current Assets.

(The above transactions are collectively referred to as "Utilisation")

5. The movements in share capital are as follows: -

	No. of ordinary shares of RM0.50 each '000	Share Capital RM'000
As per DEHB's audited balance sheet as at 30 September 2007	*	@
New ordinary shares issued by DEHB pursuant to the Acquisitions	245,826	122,913
As per Proforma (I)	**245,826**	**122,913**
New ordinary shares issued by DEHB pursuant to the Rights Issue	20,300	10,150
As per Proforma (II)	**266,126**	**133,063**
New ordinary shares to be issued by DEHB pursuant to the Public Issue	85,874	42,937
As per Proforma (III) and (IV)	**352,000**	**176,000**

* *This represents 2 ordinary shares of RM0.50 each.*
@ *This represents RM1.00.*

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6. The movement in reserves are as follows:-

	Share Premium RM'000	Retained Profits RM'000	Total Reserves RM'000
As per DEHB's audited balance sheet as at 30 September 2007 and as per Proforma (I)	-	(6)	(6)
Share premium arising from new ordinary shares issued by DEHB pursuant to the Rights Issue	10,150	-	10,150
As per Proforma (II)	**10,150**	**(6)**	**10,144**
Share premium arising from new ordinary shares to be issued by DEHB pursuant to the Public Issue	81,580	-	81,580
Total estimated expenses relating to the flotation exercise charged to the share premium account	(4,600)	-	(4,600)
As per Proforma (III) and (IV)	**87,130**	**(6)**	**87,124**

7. The interest bearing borrowings and gearing are as follows: -

		< Proforma			>
		(I)	(II)	(III)	(IV)
	Company as at 30 September 2007 RM'000	Group After Acquisitions RM'000	After Proforma (I) and Rights Issue RM'000	After Proforma (II) and Initial Public Offering RM'000	After Proforma (III) and Utilisation RM'000
Short term borrowings	-	11,532	11,532	11,532	11,532
Long term borrowings	-	39,056	39,056	39,056	39,056
Total borrowings	-	50,588	50,588	50,588	50,588
Gearing (times)	-	0.41	0.35	0.19	0.19

MS VERIFIED

C. PROFORMA CONSOLIDATED CASH FLOW STATEMENT

The following is the proforma consolidated cash flow statements of the DEHB for the financial year ended 30 September 2007, prepared for illustrative purposes only, on the assumption that the current structure of the Group existed throughout the financial year under review and the Acquisitions, the Rights Issue and the Public Issue referred to in paragraph B have been effected at the beginning of the said financial year.

	After the Acquisitions RM'000	After the Acquisitions, the Rights Issue and the Public Issue RM'000
Cash Flow From Operating Activities		
Profit Before Taxation	39,233	39,233
Adjustments for: -		
Depreciation of property, plant and equipment	4,649	4,649
Gain on disposal of property, plant and equipment	(12)	(12)
Property, plant and equipment written off	2	2
Interest expense	3,329	3,329
Interest revenue	(351)	(351)
Operating Profit Before Working Capital Changes	46,850	46,850
Increase in inventories	(942)	(942)
Increase in trade and other receivables	(10,611)	(10,611)
Increase in trade and other payables	10,851	10,851
Cash Generated From Operations	46,148	46,148
Interest paid	(3,329)	(3,329)
Interest revenue	351	351
Tax paid	(9,915)	(9,915)
Net Cash Generated From Operating Activities	33,255	33,255
Cash Flow From Investing Activities		
Purchase of property, plant and equipment	(18,758)	(18,757)
Proceeds from disposal of property, plant and equipment	14	14
Net Cash Used In Investing Activities	(18,744)	(18,744)
Cash Flow From Financing Activities		
Proceeds from Rights Issue	-	20,300
Proceeds from the Public Issue	-	124,517
Payment of estimated expenses relating to the flotation exercise	-	(4,600)
Drawdown of term loan	16,540	16,540
Repayment of term loan	(5,178)	(5,178)
Repayment to shareholder	(1,978)	(1,978)
Advances from director	3	3
Payment of dividends [1]	(8,000)	(8,000)
Net Cash Generated From Financing Activities	1,387	141,604
Net Increase In Cash And Cash Equivalents	15,898	156,115
Cash And Cash Equivalents At Beginning Of The Year	4,974	4,974
Cash And Cash Equivalents At End Of The Year	20,872	161,089

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(1) *Include net dividend paid on 31 October 2007 by DESB amounting to RM4,000,000 in respect of the financial year ended 30 September 2007.*

NOTES TO THE PROFORMA CONSOLIDATED CASH FLOW STATEMENT

1. The proforma consolidated cash flow statements have been prepared based on accounting policies consistent with those currently adopted in the preparation of the audited consolidated cash flow statements of the Group.

2. The proforma consolidated cash flow statements have been prepared based on the audited cash flow statements of DEHB, DESB, FTSB and DMSSB for the financial year ended 30 September 2007.

3. All inter-company cash flows have been eliminated from the proforma consolidated cash flow statements.

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D. PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

The following is a detailed proforma consolidated statement of assets and liabilities of the Group as at 30 September 2007 and should be read in conjunction with the Notes to the Proforma Consolidated Statement of Assets and Liabilities. The proforma consolidated statement of assets and liabilities has been prepared for illustrative purposes only based on the audited balance sheet of DEHB, DESB, FTSB and DMSSB as at 30 September 2007 and on assumption that the Acquisitions, the Rights Issue and the Public Issue as mentioned in paragraph B have been effected on 30 September 2007.

	Note	Proforma Group After the Acquisitions and the Public Issue RM'000
Non-Current Assets		
Property, plant and equipment	3	119,559
Deferred tax assets	4	25
		119,584
Current Assets		
Inventories	5	2,921
Trade receivables	6	57,876
Other receivables, deposits and prepayments	7	1,359
Amount due from shareholder	8	170
Cash on deposits with licensed banks	9	19,982
Cash and bank balances	10	145,891
		228,199
TOTAL ASSETS		347,783
EQUITY AND LIABILITIES		
Equity		
Share capital	11	176,000
Reserves	12	87,124
Total Equity		263,124
Liabilities		
Non-Current Liabilities		
Hire purchase payables	13	182
Term loans – secured	14	38,874
Deferred tax liabilities	15	1,506
		40,562
Current Liabilities		
Trade payables	16	26,488
Other payables and accruals	17	3,764
Amount due to a director	18	3
Hire purchase payables	13	95
Bank overdraft – unsecured	19	4,784
Term loans – secured	14	6,653
Taxation		2,310
		44,097
Total Liabilities		84,659
TOTAL EQUITY AND LIABILITIES		347,783

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NOTES TO THE PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

1. BASIS OF PREPARATION

The financial statements of the Group are prepared in compliance with the Companies Act, 1965 and applicable approved accounting standards for entities other private entities issued by the Malaysian Accounting Standards Board.

The measurement bases applied in the presentation of the audited financial statements of DEHB, DESB, FTSB and DMSSB included cost, recoverable amount and realisable value. Estimates are used in measuring these values.

The financial statements of DEHB, DESB, FTSB and DMSSB are measured using the currency of the primary economic environment in which the entities operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia (RM).

The preparation of financial statements of the Group and of the Company requires management to make assumptions, estimates and judgements that effect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Assumptions and estimates are reviewed on an ongoing basis and are recognised in the period in which any assumption or estimate is revised.

Significant areas of estimation, uncertainty and critical judgements used in applying accounting principles that have significant effect on the amount recognised in the financial statements are as follows:-

i) Depreciation of property, plant and equipment - the cost of property, plant and equipment is depreciated on a straight line method over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment to be within 2.5 to 25 years. These are the common life expectancies applied generally. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

ii) Impairment of property, plant and equipment - the measurement of the recoverable amount of cash-generating units are determined based on the value-in-use method, which requires the use of cash flow projections based on financial budgets approved by management.

MS VERIFIED

2. SIGNIFICANT ACCOUNTING POLICIES

Commencing from the financial year ended 30 September 2007, DEHB, DESB, FTSB and DMSSB adopts all the following new and revised Financial Reporting Standards ("FRS") issued by MASB mandatory for accounting periods beginning on or after 1 January 2006 or 1 October 2006.

FRS 2	Share-based Payment
FRS 3	Business Combination
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 104	Depreciation Accounting
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events After the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 117	Leases
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 124	Related Party Disclosure
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments : Disclosures and Presentation
FRS 133	Earning per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The adoption of these new and revised FRS does not have any financial effects on the financial statements presented hereunder.

DEHB, DESB, FTSB and DMSSB have not early adopted the FRS 139 – Financial Instruments: Recognition and Measurement, for which MASB has yet to announce the effective date.

(a) Basis of Consolidation

The consolidated financial statements incorporated the audited financial statements of the Company and all of its subsidiary companies made up to the end of the financial year.

Intra-group balances, transactions and resulting unrealised profits and losses are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

The results of the subsidiary companies acquired or disposed of during the financial year are included in the consolidated financial statements based on the acquisition method from the effective date of acquisition or up to the effective date of disposal respectively. The assets and liabilities of a subsidiary company are measured at their fair values at the date of acquisition and these values are reflected in the consolidated balance sheet.

Minority interests represent the portion of profit or loss and net assets in subsidiary companies not held by the Group. It is measured at the minority interests' share of the fair value of net assets at the acquisition date and the minorities' share of changes in the equity since then.

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The consolidated financial statements are prepared on the basis that excess of losses attributable to minority shareholders over their equity interest will be absorbed by the Group. All profits subsequently reported by the subsidiary company will be allocated to the Group until the minority shareholders' share of losses previously absorbed by the Group has been recovered.

(b) Goodwill

Goodwill is allocated to cash generating units and is stated at cost less accumulated impairment losses, if any. Impairment test is performed annually. Goodwill is also tested for impairment when indication of impairment exists. Impairment losses recognised are not reversed in subsequent periods.

Upon the disposal of interest in the subsidiary company, the related goodwill will be included in the computation of gain or loss on disposal of interest in the subsidiary company in the consolidated income statement.

(c) Subsidiary Companies

A subsidiary company is an enterprise in which the Group has the power to exercise control over its financial and operating policies so as to obtain benefits from its activities.

Investments in subsidiary companies, which are eliminated on consolidation, are stated at cost less accumulated impairment losses, if any, in the Company's financial statements. Impairment loss is determined on individual basis.

Gains or losses arising from the disposal of an investment is determined as the difference between the estimated net disposal proceeds and the carrying amount of the investment, and is recognised in the income statement.

(d) Property, Plant and Equipment and Depreciation

Vessels are stated at valuation less accumulated depreciation and accumulated impairment losses, if any. Additions subsequent to the date of the last valuation are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

All other property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that are directly attributable to the acquisition of the asset. Subsequent costs are included in the assets' carrying amount or recognised as separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

Depreciation on property, plant and equipment is calculated on the straight line method to write-off the cost or revalued amount of the property, plant and equipment over their estimated useful lives.

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The principal annual rates used for this purpose are: -

Vessels	4%
Offshore equipments	20%
Motor vehicles, tools and life saving appliances	10% - 20%
Office equipment, furniture and fittings	10% - 40%
Containers	10%
Books, signboard, electrical installation and renovation	10%

The residual values, useful lives and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in the income statement.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

(e) **Revaluation of Vessels**

Vessels classified under property, plant and equipment are revalued at least once in every five (5) years based on valuation carried out by independent professional valuers on the open market basis.

A surplus arising therefrom is credited to revaluation reserve. However, a surplus will be recognised as revenue to the extent that it reverses a revaluation deficit of the same asset previously recognised as an expense. A deficit arising therefrom is recognised as an expense. However, a deficit will be set-off against any related revaluation surplus to the extent that the deficit does not exceed the amount held in revaluation reserve in respect of the same asset.

On disposal of these marine vessels, any surplus in revaluation reserve relating to these vessels will be transferred directly to retained earnings.

(f) **Impairment of Assets**

The carrying amounts of assets other than inventories, assets arising from construction contracts, deferred tax assets, assets arising from employee benefits and financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of net selling price and the value in use, which is measured by reference to discounted future cash flows. An impairment loss is recognised whenever the carrying amount of an item of assets exceeds its recoverable amount.

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An impairment loss is recognised as an expense in the income statement. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amounts of any goodwill and then to reduce the carrying amount of other assets. Reversal of impairment loss of an asset, other than goodwill, due to a subsequent increase in recoverable amount is restricted to the carrying amount that would have been determined (net of accumulated depreciation, where applicable) had no impairment loss been recognised in prior years. The reversal of impairment loss is recognised as revenue in the income statement.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in-first-out basis and includes the actual cost of materials and incidentals in bringing the inventories into store.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(h) Lease Payments

(i) **Finance Lease**

Assets acquired by way of hire purchase or finance lease where the Group assumes substantially all the benefits and risks of ownership are classified as property, plant and equipment.

Finance lease are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a periodic constant rate of interest on the remaining balance. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance charge is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(ii) **Operating Leases**

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the lease period.

(i) Interest Capitalisation

Interest incurred on borrowings related to property, plant and equipment is capitalised during the period when activities to construct these assets are undertaken. Capitalisation of borrowing costs ceases when these assets are ready for their intended use or sale.

All other borrowing costs are recognised in income statement in the period in which they are incurred.

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(j) **Employee Benefit**

(i) **Short Term Employee Benefits**

Wages, salaries, bonuses and social security contributions are recognised as expenses in the year in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) **Defined Contribution Plans**

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund. Such contributions are recognised as an expense in the income statement as incurred.

(k) **Taxation**

Taxation in the income statement represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the year and any adjustments recognised in the year for current tax of prior years.

Deferred tax is recognised, using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled.

Deferred tax is recognised in equity when it relates to items recognised directly in equity. When deferred tax arises from business combination that is an acquisition, the deferred tax is included in the resulting goodwill or negative goodwill.

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxation authority to offset or when it is probable that future taxable income will be available against which the assets can be utilised.

(l) **Provisions**

Provisions are recognised when there is a present obligation as a result of a past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

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(m) Foreign Currencies

Transactions in foreign currencies are translated into Ringgit Malaysia at the rates of exchange ruling at the time of the transaction and where settlement had not taken place by year end, at the approximate rate ruling as at that date. All gains and losses on exchange are included in the income statement.

(n) Revenue Recognition

Revenue from sales and services are recognised when goods are delivered and services are rendered respectively.

Revenue derived from providing maintenance services is recognised by reference to the stage of completion at the balance sheet date when the outcome can be estimated reliably. When the outcome cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Rental revenue is recognised on a receivable basis.

Interest revenue is recognised on accrual basis using the effective interest method.

(o) Financial Instruments

Financial instruments are classified as assets, liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, losses and gains relating to financial instruments classified as assets or liabilities are reported as expense or revenue. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group a legally enforceable right to offset and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The recognised financial instruments comprise cash and cash equivalents, trade and other receivables, trade and other payables, bank borrowings and ordinary shares. These instruments are recognised in the financial statements when a contract or contractual arrangement has been entered into with the counter-parties.

i. Cash and Cash Equivalents

Cash and cash equivalents comprise cash and bank balances, demand deposits, bank overdrafts and short term, highly liquid investments that are readily convertible to known amount of cash and are subject to an insignificant risk of changes in value.

ii. Receivables

Receivables are stated at cost less allowance for doubtful debts, if any, which are the anticipated realisable values. Known bad debts are written off and specific allowance is made for those debts considered to be doubtful of collection.

iii. Payables

Payables are stated at cost which are the fair value of the considerations to be paid in the future for goods and services received.

iv. Interest Bearings Bank Borrowings

Interest bearing bank borrowings which include term loans and bank overdrafts are stated at the amount of proceeds received, net of transaction costs.

v. Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3. PROPERTY, PLANT AND EQUIPMENT

Proforma Group	Group Cost RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
Vessels	115,300	-	115,300
Office equipment, furniture and fittings	3,653	(1,792)	1,861
Books, signboard, electrical installation and renovation	703	(218)	485
Containers	2,074	(1,467)	607
Offshore equipments	5,958	(5,073)	885
Motor vehicles, tools and life saving appliances	1,735	(1,314)	421
	129,423	(9,864)	119,559

(a) Property, plant and equipment pledged as securities for banking facilities granted to the subsidiary companies as mentioned in note 14 to the detailed proforma consolidated balance sheet are as follows: -

NET BOOK VALUE	Proforma Group RM'000
Vessels	115,300

(b) Motor vehicle with cost and net book value of RM280,000/- and RM263,123/- respectively was acquired under the hire purchase arrangement.

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4. DEFERRED TAX ASSETS

	Proforma Group RM'000
In respect of temporary differences between the carrying amount of property, plant and equipment and its tax base.	25

5. INVENTORIES

	Proforma Group RM'000
Materials, at cost	2,921

There were no inventories carried at net realisable value.

6. TRADE RECEIVABLES

The normal trade credit terms extended to trade debtors ranges from 30 to 90 days.

Included in trade receivables is an amount owing by a company in which a director of DESB, FTSB and DMSSB is also a director and has substantial financial interest as follows: -

	Proforma Group RM'000
S.K. Ling & Sons Sdn. Bhd.	23

7. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Proforma Group RM'000
Other receivables	461
Deposits	331
Prepayments	567
	1,359

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8. AMOUNT DUE FROM SHAREHOLDER

This amount is unsecured, interest free and with no fixed term of repayment.

9. CASH ON DEPOSITS WITH LICENSED BANKS

	Proforma Group RM'000
Cash on deposits	23,982
Less: Dividend of DESB paid on 31.10.2007	(4,000)
	19,982

Cash on deposits with licensed banks bear interest rates ranging from 2.40% to 3.52% per annum.

10. CASH AND BANK BALANCES

	Proforma Group RM'000
Cash and bank balances	5,674
Add: Proceeds from the Rights Issue	20,300
Add: Proceeds from the Public Issue	124,517
	150,491
Less: Estimated expenses relating to the flotation exercise	(4,600)
	145,891

11. SHARE CAPITAL

	Proforma Group RM'000
Authorised ordinary shares of RM0.50 each	500,000
Issued and fully paid ordinary shares of RM0.50 each:-	
2 subscribers' shares	@
Add: 245,825,998 shares issued for the Acquisitions	122,913
Add: Rights Issue of 20,300,000 shares	10,150
Add: Public issue of 85,874,000 shares	42,937
	176,000

@ *This represents RM1.00.*

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12. RESERVES

	Proforma Group RM'000
Accumulated losses	(6)
NON-DISTRIBUTABLE	
Share premium (note 20)	87,130
	87,124

13. HIRE PURCHASE PAYABLES

	Proforma Group RM'000
Total instalment payable	307
Less: Future finance charges	(30)
Present value of hire purchase liabilities	277
Payable within one (1) year	
Total instalment payable	112
Less: Future finance charges	(17)
Present value of hire purchase liabilities	95
Payable after one (1) year but no later than five (5) years	
Total instalment payable	195
Less: Future finance charges	(13)
Present value of hire purchase liabilities	182
Total present value of hire purchase liabilities	277

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14. TERM LOANS – SECURED

	Proforma Group RM'000
Due within one (1) year	6,653
Due within two (2) to five (5) years	30,599
Due after five (5) years	8,275
	38,874
	45,527

The terms loan bear interest at rates ranges from 7.75% to 8.50% per annum for the financial year ended 30 September 2007 and is repayable are 84 equal monthly instalments. The term loans are secured and supported as follows:-

(i) statutory mortgaged in escrow of the marine vessel as disclosed in note 3;
(ii) jointly and severally guaranteed by the directors of DMSSB; and
(iii) corporate guarantee of DESB.

15. DEFERRED TAX LIABILITIES

	Proforma Group RM'000
This is in respect of temporary differences between the carrying amount of property, plant and equipment and its tax base.	1,506

16. TRADE PAYABLES

The normal trade credit terms granted by the trade creditors ranges from 30 to 90 days.

Included in trade payables is an amount owing to a company in which a director of DESB, FTSB and DMSSB is also a director and has substantial financial interest as follows: -

	Proforma Group RM'000
S.K. Ling & Sons Sdn. Bhd.	2

The foreign currency exposure profile is as follows:-

Proforma Group	SGD RM'000
Trade payables	128

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17. OTHER PAYABLES AND ACCRUALS

	Proforma Group RM'000
Other payables	420
Accruals	3,344
	3,764

18. AMOUNT DUE TO A DIRECTOR

This amount is unsecured, interest free and with no fixed term of repayment.

19. BANK OVERDRAFT - UNSECURED

The bank overdraft is supported by way of joint and several guarantees of all directors in DESB and bears effective interest at rates ranging from 8.00% to 8.45% per annum for the financial year ended 30 September 2007.

20. SHARE PREMIUM – NON-DISTRIBUTABLE

	Proforma Group RM'000
Share premium arising from the Rights Issue	10,150
Share premium arising from the Public Issue	81,580
Less: Estimated expenses relating to the flotation exercise	(4,600)
	87,130

21. CASH AND CASH EQUIVALENTS

Cash and cash equivalents of the Proforma Group comprise the followings: -

	Proforma Group RM'000
Cash on deposits with licensed banks (note 9)	19,982
Cash and bank balances (note 10)	145,891
Bank overdraft – unsecured	(4,784)
	161,089

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22. CONTINGENT ASSETS

DESB has instituted legal action against two (2) of its clients for unlawful termination of a contract and accordingly, are seeking damages in the sum of RM10,160,445/- together with interest thereon. The respondents have, through their solicitors, offered a sum of RM700,000/- as final settlement of all claims. The said offer has been rejected by DESB. At the date of this report, the outcome of the legal proceedings is still pending.

23. CAPITAL COMMITMENT

	Proforma Group RM'000
In respect of capital expenditure approved and contracted for	124

24. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Policies

The Group's is exposed to a variety of risks in the normal course of business. The Group's risk management seeks to minimise the potential adverse effects from these exposures. The management reviews and agrees policies for managing each of these risks as follows: -

i) Foreign Exchange Risk

The Group's is exposed to foreign currency risk as a result of its normal trade activities when the currency denomination differs from its functional currency. Foreign exchange exposures in transactional currencies other than its functional currency are kept to an acceptable level.

ii) Interest Rate Risk

The Group's exposure to interest rate risk relates to interest bearing financial assets such as cash on deposits with licensed banks and financial liabilities such as terms loan, bank overdraft and hire purchase payables. The Group's policy is to obtain the most favourable interest rates available.

iii) Credit Risk

The Group's exposure to credit risk arises from its receivables and the maximum risk associated with recognised financial assets is their respective carrying amount as presented in the balance sheet.

The Group has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

The Group's significant credit risk exposure is from Petronas Carigali Sdn Bhd.

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iv) Liquidity and Cash Flow Risks

The Group actively manages its operating cash flows and the availability of funding so as to ensure that all repayments and funding needs are met.

(b) Fair Values

The methods and assumptions used to estimate the fair values of the following classes of financial assets and liabilities are as follows: -

i) Cash and Bank Balances, Trade and Other Receivables and Payables

The carrying amounts approximate fair values due to the relatively short term maturity of these financial assets and liabilities.

ii) Borrowings

Bank overdraft approximate fair value due to relatively short term maturity of this financial liability.

The carrying amount of floating rate term loans approximate their fair value.

The fair value of hire purchase payable is estimated using discounted cash flow analysis, based on current lending rates for similar type of borrowing arrangement.

The carrying amounts of the Proforma Group's financial assets and liabilities at balance sheet date approximate their fair value except as follows:-

	Carrying Amount RM'000	Fair Value RM'000
Hire purchase payables	277	248

The nominal/notional amounts and fair values of financial instruments not recognised in the balance sheet are as follows:-

	Nominal/Notional Amount RM'000	Fair Value RM'000
Contingent assets	*	**

* Amount pending outcome of legal proceedings.
** It is not practical to estimate the fair values reliably due to uncertainties of timing, cost and eventual outcome.

9.3 MANAGEMENT DISCUSSION ON AND ANALYSIS OF PROFORMA FINANCIAL PERFORMANCES AND RESULTS OF OUR OPERATIONS

The following management's discussion and analysis of our Group's past financial performances and results of operations should be read in conjunction with the proforma consolidated financial information and the related notes thereon for the past three (3) FYE 30 September 2007 included in Sections 9.1 and 9.2.

This discussion and analysis contains data derived from our audited financial statements as well as forward-looking statements that involve risks and uncertainties. The results may differ significantly from those projected in the forward-looking statements. Factors that may cause future results to differ significantly from those included in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly the risk factors as set out in Section 3.

9.3.1 Trend Information

As at LPD, to the best of our Group's knowledge and belief, our operations have not been and are not expected to be affected by any of the following:-

(a) Known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's financial performance, position and operations other than those discussed in this section and in Section 3 and Section 4;

(b) Material commitment for capital expenditure save as disclosed in Section 9.4;

(c) Unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group save as disclosed in this section and in Section 3;

(d) Known trends, demands, commitments, events or uncertainties that have resulted in a substantial increase in our Group revenue save for those that had been disclosed in this section and future plans, strategies and prospects as set out in Section 4.7; and

(e) Known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not necessarily indicative of the future financial performance and position other than those disclosed in this section and in Section 3.

Our Board is optimistic about the future prospects of our Group given the favourable outlook of the Oil and Gas Industry set out in Section 4.4.4, our Group's competitive advantages set out in Section 4.2.2 and our Group's dedication to implement the future plans and strategies set out in Section 4.7.

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9.3.2 Segmental analysis

The following is the segmental analysis of the proforma consolidated results of our Group for the past three (3) FYE 30 September 2007. The proforma consolidated results are provided for illustrative purposes only and on the assumption that the current structure of our Group had been in existence throughout the financial years under review.

(a) Segmental Analysis

The table below sets forth the breakdown of our Group's revenue and PBT by our subsidiaries for the respective financial years:-

FYE 30 September	2005	2006	2007
	(RM'000)	(RM'000)	(RM'000)
Revenue			
DEHB	-	-	-
DESB	112,383	108,312	125,260
DMSSB	2,111	24,380	31,324
FTSB	2,854	3,142	3,877
	117,348	135,834	160,461
Less : Inter-company revenue	(4,958)	(26,928)	(33,327)
	112,390	**108,906**	**127,134**
PBT			
DEHB	-	(5)	(1)
DESB	30,467	23,774	29,898
DMSSB	(1,097)	5,247	6,612
FTSB	1,974	2,175	2,724
	31,344	**31,191**	**39,233**

The table below sets forth the breakdown of our Group's revenue and gross profit by our core activities for the respective financial years:-

FYE 30 September	2005	2006	2007
	(RM'000)	(RM'000)	(RM'000)
Revenue			
Offshore Topside Maintenance Services	83,029	63,370	66,262
- Topside structures	*53,166*	*46,574*	*44,843*
- Piping systems	*26,734*	*14,081*	*17,912*
- Electrical and instrumentation	*3,129*	*2,715*	*3,507*
Charter of Marine Vessels	18,689	35,955	48,954
Minor Fabrication	8,194	7,040	9,269
Offshore Hook-up and Commissioning	2,478	2,541	2,649
	112,390	**108,906**	**127,134**

FYE 30 September	2005	2006	2007
	(RM'000)	(RM'000)	(RM'000)
Gross profit			
Offshore Topside Maintenance Services	36,809	26,875	28,607
Charter of Marine Vessels	6,915	14,802	24,013
Minor Fabrication	6,090	4,319	4,980
Offshore Hook-up and Commissioning	1,310	1,996	1,999
	51,124	**47,992**	**59,599**

Note:-

The above percentage segmentation is based on management estimates, as all the works undertaken, with the exception of minor fabrication, is part of the overall contract.

Our revenue are 100% derived from Malaysia for the three (3) FYE 30 September 2007.

(b) Financial Commentary

Growth in our revenue were due to the increased activities in the Oil and Gas Industry as a result of the increase in crude oil prices and the discovery of new deepwater fields in Malaysian waters. As a result, operators increased maintenance works to minimise downtime.

FYE 30 September 2005

During the FYE 30 September 2005, we commissioned our first marine vessel "Dayang Pertama" and we undertook some major maintenance works which entailed a first-time inclusion of revenue involving marine vessels in the contract, thus improved our PBT margin to 28% (25% achieved previously). Nevertheless, the completion of several contracts in FYE 30 September 2004 shows a reduction of our PBT to RM31.3 million (compared to RM39.2 million achieved in the previous financial year.

FYE 30 September 2006

For the FYE 30 September 2006, our revenue of RM108.9 million was only 3% lower than that achieved in the previous financial year mainly due to the procurement of a major contract for provision of topside structural maintenance services in Sabah and Sarawak. Through stringent costs control, we were able to improve our PBT margin by another 1% to 29%. We also commissioned our second marine vessel "Dayang Maju" during the financial year.

FYE 30 September 2007

For the FYE 30 September 2007, our revenue increased by RM18.2 million or 17% mainly due to increase in revenue from existing maintenance contracts and the procurement of a new contract which helped to cushion the impact for the completion of another major maintenance contract. We also commissioned our third marine vessel, "Dayang Berlian", in February 2007. In tandem with the revenue growth, our PBT increased to RM39.2 million with a PBT margin of 31%.

(c) Significant Factors Affecting Net Revenue

The main factors that have affected and are expected to continue to affect our Group's revenue include but are not limited to the following:-

(i) Growth

The demand for offshore topside maintenance services is primarily dependent on the performance of the Oil and Gas Industry in Malaysia whilst the demand for supporting products and services, particularly those related to exploration and production, is also dependent on the number of recently signed PSCs.

The outlook of the offshore topside maintenance services for the Oil and Gas Industry in Malaysia is favourable. The offshore topside maintenance services for the Oil and Gas Industry in Malaysia are forecasted to grow by 8% to 10% per annum for the next five years.

(Source: Independent Assessment of the Oil and Gas Industrial Industry prepared by Vital Factor Consulting Sdn Bhd)

Please refer to Section 4.4 for further details on the prospects of the Oil and Gas Industry.

(ii) Demand and Supply Conditions

Our Group's revenue is dependent on the demand and supply conditions for the Oil and Gas Industry. Please refer to Section 4.4.7 for further details.

(d) Tax Consideration

The tax provision has been adequately provided for in all the financial years under review. The tax submission of our Group have been made up to the year of assessment 2006. There were no material matters in dispute with the Inland Revenue Board of Malaysia.

The higher effective tax rate of 29% for the FYE 30 September 2005 was mainly due to losses suffered by DMSSB of which no deferred tax asset can be recognised as its future profits from charter of marine vessel had been granted an exemption from income tax under Section 54A of the Income Tax Act, 1967.

The lower effective tax rate of 27% for the FYE 30 September 2006 was mainly due to exemption from income tax under Section 54A of the Income Tax Act, 1967 in respect of revenue derived from charter of DMSSB's marine vessel, "Dayang Pertama".

The lower effective tax rate of 26% for the FYE ended 30 September 2007 was mainly due to exemption from income tax under Section 54A of the Income Tax Act, 1967 in respect of revenue derived from charter of DMSSB's marine vessels, "Dayang Pertama" and "Dayang Berlian".

(e) Impact of Foreign Exchange / Interest Rates / Commodity Prices on Operating Profits

Our revenue are all derived from Malaysian clients and paid for in Ringgit. We have business transactions in foreign currencies in the normal course of our business, which include purchases of supplies and material. Nevertheless, these foreign purchases (which are denominated in USD and Singapore Dollar) only accounted for 3.5% of our total purchase for the FYE 30 September 2007. Accordingly, our exposure to foreign exchange fluctuation is minimal.

In October 2007, we issued Islamic Medium Term Notes facilities to repay our existing bank borrowings. There is no material impact of interest rates as our Group does not have any significant borrowings with variable interest rate.

As our Group is involved in the provision of specialised services and equipment, we are not materially affected by the fluctuation in the commodities prices.

There is no material impact of foreign exchange, interest rates and commodity prices on our historical profits for the past three (3) FYE 30 September 2007.

(f) Exceptional and Extraordinary Items

There were no exceptional and extraordinary items for the past three (3) FYE 30 September 2007.

9.3.3 Liquidity and capital resources

(a) Working Capital

Our Group has been financing our operations mainly through internally generated funds and external source of funds, i.e. bank borrowings. As at LPD, our Group has deposits, cash and bank balances of RM70.30 million and total borrowings of RM81.63 million.

Our Directors are of the opinion that after taking into account the consolidated cashflow forecast, banking facilities available and the gross proceeds from the Rights Issue and the Public Issue, our Group will have adequate working capital for a period of twelve (12) months from the date of this Prospectus.

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9. FINANCIAL INFORMATION (Cont'd)

(b) Cash flow

A summary of our Group's proforma cash flow for the FYE 30 September 2007 based on the proforma consolidated cash flow statement as disclosed in Section 9.2 is set out below:-

	RM'000
Net cash from operating activities	33,255
Net cash used in investing activities	(18,744)
Net cash from financing activities	1,387
Net increase in cash and cash equivalents	15,898
Cash and cash equivalents at beginning of year	4,974
Cash and cash equivalents at end of the year	20,872

We commenced the financial year with RM4.97 million in cash and cash equivalents and generated RM33.26 million cash inflow from our operations.

During the year, due to expanding operations and business and the commissioning of "Dayang Berlian" in February 2007, we incurred approximately RM18.76 million on capital expenditure.

(c) Borrowings

As at LPD, the total outstanding bank borrowings in the form of term loans, banker's acceptances and hire purchase financing amounted to approximately RM81.63 million. The borrowings can be analysed further as follows:-

Outstanding Borrowings	**Amount (RM'000)**
Short Term ***(Due within 12 months)***	
Islamic Medium Terms Note and coupon payable	11,258
Hire purchase	90
Long Term ***(Due after 12 months)***	
Islamic Medium Terms Note	50,000
Revolving credits	20,145
Hire purchase	138
Total interest-bearing borrowings as at LPD	**81,631**
Gearing Ratio as at 30 September 2007 [a]	0.66
Gearing Ratio after IPO and utilisation of proceeds [b]	0.08

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Notes:-

(a) *Based on proforma shareholders' funds as at 30 September 2007 of RM122.91 million upon completion of the Acquisitions.*

(b) *Based on proforma shareholders' funds as at 30 September 2007 of RM263.12 million upon completion of the Public Issue and assuming repayment of borrowings amounting to RM60.0 million from the total gross proceeds to be raised from the IPO.*

There are no borrowings in foreign currency in our Group.

Our Group has not defaulted on payments of either interest and/or principal sums in respect of any borrowings throughout the past one (1) financial year immediately preceding the date of this Prospectus and the subsequent financial period up to LPD.

(d) Key Financial Ratios

Trade Receivable

An aging analysis of the trade debtors of our Group (excluding inter-company trade debtors) as at 30 September 2007 is set out below:-

	Within credit period		Exceeded credit period			
As at 30.09.2007	0 – 30 days	31 – 60 days	61 – 180 days	181 - 365 days	Over 1 year	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Trade receivables	53,427	1,905	2,524	4	16	57,876
Bad and doubtful debts	-	-	-	-	-	-
Net Group trade debtors	53,427	1,905	2,524	4	16	57,876
Percentage of total (%)	92.3	3.3	4.4	Negligible	Negligible	100.0

The normal credit period given to our trade debtors ranges from 30 days to 60 days. As at 30 September 2007, trade receivable stood at RM57.88 million, out of which RM2.54 million or 4.4% had exceeded 60 days.

As at LPD, 100% of receivable exceeding 60 days as at 30 September 2007 have been collected.

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Trade Payable

An aging analysis of the trade creditors of our Group (excluding inter-company trade payables) as at 30 September 2007 is set out below:-

As at 30.09.2007	Within credit period 0 – 30 days	31 – 60 days	61 – 90 days	Exceeded credit period Over 90 days	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Trade payables	21,549	2,839	364	1,736	26,488
Percentage of total (%)	81.4	10.7	1.4	6.5	100.0

As at 30 September 2007, trade payables stood at RM26.49 million, out of which RM1.74 million or 6.5% had exceeded the credit period of 90 days. These payables are in respect of back-to-back payments for supplies whereby our Group will only settle the payables upon receipt of payments from our customers. As at LPD, 100% of all payable exceeding 90 days as at 30 September 2007 have been fully settled.

9.4 MATERIAL LITIGATIONS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

9.4.1 Material Litigations

As at LPD, save as disclosed in Section 14.5, our Group is not engaged whether as plaintiff or defendant in any legal action, proceeding, arbitration or prosecution for any criminal offence, which has a material effect on the financial position of our Group and our Directors are not aware of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the financial position or business of our Group.

9.4.2 Contingent Liabilities

As at LPD, our Directors are not aware of any contingent liabilities incurred by us or our subsidiaries, which upon becoming enforceable, may have a material effect on our financial position or our subsidiaries.

9.4.3 Material Commitments

As at LPD, save as disclosed below, our Directors are not aware of any material commitments for capital expenditure, which upon becoming enforceable may have a material effect on the financial position of our Group.

	(RM'000)
In respect of capital expenditure approved and contracted for:-	
- a marine vessel	41,160

We will fund construction of the abovementioned marine vessel using proceeds from the Rights Issue and Public Issue as well as from our internally generated funds.

9.5 CONSOLIDATED PROFIT FORECAST OF OUR GROUP FOR THE FIFTEEN (15) MONTHS ENDING 31 DECEMBER 2008 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON

(Prepared for inclusion in the Prospectus)

MOORE STEPHENS
CHARTERED ACCOUNTANTS
(FIRM NO: AF.0282)

8A Jalan Sri Semantan Satu
Damansara Heights
50490 Kuala Lumpur
Malaysia

Tel: 603 2094 1888
Fax: 603 2094 7673

REPORTING ACCOUNTANTS' LETTER ON THE CONSOLIDATED PROFIT FORECAST OF DAYANG ENTERPRISE HOLDINGS BERHAD

(Prepared for inclusion in this Prospectus)

The Board of Directors
DAYANG ENTERPRISE HOLDINGS BERHAD
Lot 868, 1st Floor, Jalan Permaisuri,
98000 Miri,
Sarawak.

Dear Sirs,

CONSOLIDATED PROFIT FORECAST
FOR THE FIFTEEN (15) MONTHS FINANCIAL PERIOD ENDING 31 DECEMBER 2008

We have reviewed the consolidated profit forecast of Dayang Enterprise Holdings Berhad ("DEHB") and its subsidiary companies ("Group") for the fifteen (15) months financial period ending 31 December 2008 as set out in the accompanying statement (which we have stamped for the purpose of identification) in accordance with the Standard on Auditing (ISA 810) applicable to the review of forecasts. The forecast has been prepared for inclusion in the Prospectus in connection with the proposed admission of DEHB to the Official List and the listing of and quotation for the entire issued and paid-up share capital of DEHB on the Main Board of Bursa Malaysia Securities Berhad and should not be relied on for any other purposes.

Our review has been undertaken to enable us to form an opinion as to whether the forecast, in all material respects, is properly prepared on the basis of the assumptions made by the directors of DEHB ("Directors") and is presented on a basis consistent with the accounting policies adopted and disclosed by the Group in its audited financial statements for the financial year ended 30 September 2007. The Directors are solely responsible for the preparation and presentation of the forecast and the assumptions on which the forecast is based.

Forecast, in this context, means prospective financial information prepared on the basis of assumptions as to future events which management expects to take place and the actions which the management expects to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which forecast is based, such information is generally future oriented and therefore uncertain. Thus, actual result is likely to be different from the forecast since anticipated events frequently do not occur as expected and the variation could be material.

MOORE STEPHENS
CHARTERED ACCOUNTANTS
(FIRM NO: AF.0282)

REPORTING ACCOUNTANTS' LETTER ON THE CONSOLIDATED PROFIT FORECAST OF DAYANG ENTERPRISE HOLDINGS BERHAD (CONTINUE)

(Prepared for inclusion in this Prospectus)

Subject to the matters stated in the preceding paragraphs;-

(i) nothing has come to our attention which causes us to believe that the assumptions made by the Directors, as set out in Appendix A, do not provide a reasonable basis for the preparation of the consolidated profit forecast; and

(ii) in our opinion, the consolidated profit forecast, so far as the calculations are concerned, is properly prepared on the basis of the assumptions made by the Directors and is presented on a basis consistent with the accounting policies adopted and disclosed by the Group in its audited financial statements for the financial year ended 30 September 2007.

Yours faithfully,

Moore Stephens

MOORE STEPHENS
Chartered Accountants
(AF.0282)

AU TAI WEE
1551/01/09 (J)
Partner

Dated: - 5 MAR 2008

MOORE STEPHENS
CHARTERED ACCOUNTANTS
(FIRM NO: AF.0282)

APPENDIX A

The directors of Dayang Enterprise Holdings Berhad ("DEHB") forecast that the consolidated profit of DEHB and its subsidiary companies ("Group"), namely Dayang Enterprise Sdn. Bhd. ("DESB"), Fortune Triumph Sdn. Bhd. ("FTSB") and DESB Marine Services Sdn. Bhd. ("DMSSB") for the fifteen (15) months financial period from 1 October 2007 to 31 December 2008, which have been prepared on the bases and accounting principles consistent with those previously adopted in the preparation of the audited financial statements of DEHB and its proposed subsidiary companies, will be as follows: -

	Forecast 15 months period ended 31 December 2008 RM'000
Total operating revenue	183,199
Total consolidated profit before taxation	59,993
Taxation	(14,806)
Total consolidated profit after taxation	45,187
Minority interest	-
Total consolidated profit after taxation and minority interest	45,187
Pre-acquisition profit	(15,062)
Post-acquisition consolidated profit after taxation and minority interest	30,125
Gain on acquisition of subsidiary companies (1)	15,062
Post-acquisition consolidated profit for the period	45,187
Weighted average number of ordinary shares in issue ('000)	(2) 192,464
Enlarged number of ordinary shares ('000)	(3) 352,000
Based on weighted average number of ordinary shares in issue:	
Gross earnings per share (sen)	(1) (4) 14.55
Net earnings per share (sen)	(1) (5) 10.96
Gross price-earnings multiple (times) (6)	9.97
Net price-earnings multiple (times) (6)	13.23
Based on enlarged number of ordinary shares:	
Gross earnings per share (sen)	(1) (7) 13.63
Net earnings per share (sen)	(1) (8) 10.27
Gross price-earnings multiple (times) (6)	10.64
Net price-earnings multiple (times) (6)	14.12

MOORE STEPHENS
CHARTERED ACCOUNTANTS
(FIRM NO: AF.0282)

APPENDIX A
(Cont')

Notes: -

(1) *The accounting policy adopted by DEHB, consistent with the requirements of Financial Reporting Standard 3 (FRS 3) on "Business Combinations", requires that the excess of fair values of net assets acquired over the consideration paid ("Gain on Acquisition of Subsidiary Companies") to be recognised in the income statement. This gain should be reflected in the consolidated profit before taxation in the income statement. The acquisition of DESB, FTSB and DMSSB by DEHB on 29 February 2008 will gave rise to the Gain on Acquisition of Subsidiary Companies of approximately RM15,062,000. However for the purpose of presentation of the profit forecast for the fifteen (15) months financial period ending 31 December 2008, this Gain on Acquisition of Subsidiary Companies has been excluded from the consolidated profit before taxation and consolidated profit after taxation as well as the computation of earnings per share for better comparison as it is deemed to be a non-recurring income.*

(2) *Weighted average number of ordinary shares of RM0.50 each in DEHB forthwith the of acquisition of the entire issued and paid-up share capital of DESB, FTSB and DMSSB for a total consideration of RM122,913,259 satisfied by the issuance of 245,825,998 new ordinary shares of RM0.50 each in HHB at an issue price of approximately RM0.50 per new ordinary share ("Acquisitions"), and the renounceable rights issue by DEHB of 20,300,000 new ordinary shares of RM0.50 each at an issue price of RM1.00 per new ordinary share ("Rights Issue"), all of which were completed on 29 February 2008.*

(3) *Enlarged number of ordinary shares of RM0.50 each in DEHB on the assumption that the Acquisitions, the Rights Issue and the public issue of RM85,874,000 new ordinary shares of RM0.50 each at an issue price of RM1.45 per new ordinary share ("Public Issue") were completed at beginning of the forecast period on 1 October 2007.*

(4) *Based on annualised post-acquisition consolidated profit before taxation of approximately RM27,997,000.*

(5) *Based on annualised post-acquisition consolidated profit after taxation of approximately RM21,087,000.*

(6) *Based on public issue price of RM1.45 per ordinary share of RM0.50 each in HHB.*

(7) *Based on annualised total consolidated profit before taxation.*

(8) *Based on annualised total consolidated profit after taxation.*

The principal bases and assumptions upon which the consolidated profit forecast of the Group for the fifteen (15) months period from 1 October 2007 to 31 December 2008 has been prepared are set out below.

1. DEHB will change its financial year end from 30 September to 31 December with its first new financial period ending on 31 December 2008;

2. The public issue of 85,874,000 new ordinary shares of RM0.50 each in DEHB at an issue price of RM1.45 per new ordinary share ("Public Issue") will be completed on 30 April 2008;

3. The total proceeds from the Rights Issue and the Public Issue will be utilised as follows: -

	RM'000	Time frame for utilisation
Full redemption of Islamic medium term notes	60,000	Within 6 months after listing
Part finance the construction of marine vessels and/or acquisition of equipment and machineries	51,450	Within 24 months after listing
Estimated expenses relating to the flotation exercise	4,600	Within 3 months after listing
Working capital of the Group	28,767	Within 24 months after listing
	144,817	

MOORE STEPHENS
CHARTERED ACCOUNTANTS
(FIRM NO: AF.0282)

APPENDIX A
(Cont')

4. The forecasted operating revenue is based on forecast of the directors after taking into consideration of the present and expected condition of chargeable rates applicable to the existing and expected offshore maintenance contracts, scope of services, volume of offshore maintenance work orders, average prices of materials and consumables, sub-contract charges, cost of hiring workboats, marine crew costs, labour costs and overheads;

5. There will be no material changes to the forecast revenue which is dependent on the chargeable rates, scope of services and volume of work orders of existing and expected offshore maintenance contracts and there will be no material changes to the forecast operating costs which are dependent on the average prices of materials and consumables, sub-contract charges, cost of hiring workboats, marine crew costs, labour costs and overheads of which will adversely affect the gross profit margin of the Group;

6. There will be no significant fluctuations in the prevailing exchange rates of foreign currencies against Ringgit Malaysia;

7. New placement of fixed deposits will be in accordance with that as planned at an average interest rate of 3.00% per annum and there will be no withdrawal of fixed deposits in the forecast period;

8. There will be no material acquisitions or disposals of capital assets in the forecast period other than the construction of an accommodation cum maintenance workboat by DMSSB costing RM51.45 million of which the estimated progress payments to be paid in the forecast period will be RM30.00 million, and acquisition of offshore maintenance equipments by FTSB costing RM3.00 million;

9. There will be no impairment in the value of property, plant and equipment of the Group;

10. The effective profit/interest rate applicable to the Islamic medium term notes with nominal value totalling RM60.00 million issued by DMSSB will be 6.00% per annum. There will be no further draw down of the Islamic commercial papers and medium term notes by DMSSB and the outstanding medium term notes will be fully redeemed via proceeds from the Rights Issue and the Public Issue in early August 2008 without being subject to any further charges;

11. The existing financing facilities of the Group will remain available at the prevailing interest rates ranging from 8.25% to 8.75% and new financing facilities are readily available to the Group when necessary, at interest rate of 8.00% per annum. Draw down and repayment of financing facilities will be in accordance with that forecasted;

12. The timing of receipts and payments for revenue and expenditure respectively will be in accordance with that as planned and there will be no material bad debts, doubtful debts, inventories losses or inventories obsolescence in the forecast period;

13. There will be no significant changes to the prevailing rates and bases of duties, levies and taxes and tax incentives currently applicable to the Group including the tax exemption under Section 54(A) of the Income Tax Act, 1967 in respect of DMSSB's statutory income generated from charter of marine vessels namely Dayang Pertama and Dayang Berlian and that the statutory income tax rate for the financial period ending 31 December 2008 will be at 26%;

14. DESB has made a claim against Sarawak Shell Berhad and Sabah Shell Petroleum Co. Ltd. for wrongful premature termination of an offshore maintenance contract in year 2002. The amount claimed by DESB was RM10,160,445 together with general damages, interests and costs thereon. The matter is being arbitrated and the date of the forthcoming arbitration proceeding has not been fixed. In view of the uncertainty of the timing and actual outcome of the claim, no amount arising from this event has been forecasted;

MOORE STEPHENS
CHARTERED ACCOUNTANTS
(FIRM NO: AF.0282)

APPENDIX A
(Cont')

15. There will be no shortages or major disruption in the supply of materials and consumables, manpower, equipments and vessels that will delay the scheduled of maintenance works;

16. The existing terms and conditions of contracts and agreements entered into by the Group will remain in force;

17. There will be no major legal proceedings or claims against the Group which will adversely affect the activities or performance of the Group or give rise to any liabilities which will materially affect the financial position or business of the Group;

18. There will be no significant technological changes or changes in the market competition in the industry in which the Group operates;

19. There will be no significant changes to the prevailing Malaysian, regional and world economic and political conditions that may directly or indirectly adversely affect the performance of the Group;

20. There will be no significant changes in the prevailing legislation or government regulations which will adversely affect the Group's activities or the market in which the Group operates;

21. There will be no significant changes in the current structure and principal activities of the Group;

22. There will be no significant changes in the key personnel and management of the Group, and in the operating policies, which may adversely affect the technical capabilities and the level of activities of the Group;

23. There will be no major industrial disputes, breakdown or disruption in supplies of marine vessels, equipments, materials and consumables or any other abnormal circumstances of which will adversely affect the Group's operations, business or assets; and

24. Inflation rates will not fluctuate significantly from its present level.

9. FINANCIAL INFORMATION (Cont'd)

DAYANG ENTERPRISE HOLDINGS BERHAD
CONSOLIDATED PROFIT FORECAST
FOR THE FIFTEEN (15) MONTHS FINANCIAL PERIOD ENDING 31 DECEMBER 2008

MS VERIFIED

	2008 GROUP RM'000
TOTAL OPERATING REVENUE	183,199
LESS: DIRECT OPERATING COSTS	(96,076)
GROSS PROFIT	87,123
GP margin %	*47.6%*
ADD: OTHER OPERATING REVENUE	
Fixed deposits interest revenue	1,088
LESS:	
ADMINISTRATIVE COSTS	(23,584)
OTHER OPERATING COSTS	-
	(23,584)
PROFIT FROM OPERATIONS	64,627
FINANCE COSTS	(4,634)
TOTAL CONSOLIDATED PROFIT BEFORE TAXATION	**59,993**
TAXATION	(14,806)
TOTAL CONSOLIDATED PROFIT AFTER TAXATION	**45,187**
MINORITY INTEREST	-
TOTAL CONSOLIDATED PROFIT AFTER TAXATION AND MINORITY INTEREST	**45,187**
PRE-ACQUISITION PROFIT	(15,062)
POST-ACQUISITION CONSOLIDATED PROFIT AFTER TAXATION	**30,125**
GAIN ON ACQUISITION OF SUBSIDIARY COMPANIES	15,062
POST-ACQUISITION CONSOLIDATED PROFIT FOR THE PERIOD	**45,187**
PBT margin %	*32.7%*
Effective tax rate %	*24.7%*
PAT margin %	*24.7%*

	IPO Price (RM)	1.45
1)	Basic earnings per shares (annualised) - Excluding Gain on Acquisitions	
	Weighted average number of shares in issue ('000)	192,464
	Post-acquisition PBT (Annualised)	27,997
	Post-acquisition PATMI (Annualised)	21,087
	Gross earnings per share (sen)	14.55
	Net earnings per share (sen)	10.96
	Gross PE Multiple (times)	9.97
	Net PE Multiple (times)	13.23
2)	Diluted earnings per shares (annualised) - Excluding Gain on Acquisition	
	Number of Share	352,000
	Gross earnings per share (sen)	13.63
	Net earnings per share (sen)	10.27
	Gross PE Multiple (times)	10.64
	Net PE Multiple (times)	14.12

9.6 DIRECTORS' COMMENTS ON THE PROFIT FORECAST

The consolidated profit forecast of our Group for the fifteen (15) months ending 31 December 2008 has been prepared based on our Directors' assessment of the present economic and operating conditions, and a number of best estimate assumptions regarding future events and actions which, at the date the forecast was approved, our Directors expect to take place. These future events may or may not take place. The principal bases and assumptions upon which the consolidated profit forecast have been prepared are set out in Section 9.5.

A forecast, by its very nature, is subject to uncertainties and unexpected events, many of which are outside the control of our Group and our Directors. Also, events and circumstances often do not occur as anticipated and therefore actual results are likely to differ from the forecast, and the differences may be material. Accordingly, the Directors cannot and do not guarantee the achievement of the forecast.

For fifteen (15) months ending 31 December 2008, our Group's revenue is expected to increase by approximately 44.1% (or 15.3% annualised) from RM127.1 million to RM183.2 million (or RM146.6 million annualised to 12 months), which is mainly attributable to the continuing high level of activities in the Oil and Gas Industry, full year contribution from our "Dayang Berlian" (only commissioned in February 2007) as well as our expansion plan as set out in Section 4.7. The majority of the revenue (88%) are expected to be derived from our existing contracts. In tandem, profit attributable to the equity holders of our Company for the fifteen (15) months endings 31 December 2008 is expected to increase by 56.4% (or 25.3% annualised) from RM28.9 million to RM45.2 million (or RM36.2 million annualised to 12 months).

The Board confirms that the consolidated profit forecast of our Group and the underlying bases and assumptions stated therein have been reviewed by the Directors. Nevertheless, these bases and assumptions cover future periods for which there are inherent risks, and therefore, should be treated with caution. These bases and assumptions are subject to significant uncertainties and contingencies, which are often outside the control of our Group. Therefore, certain assumptions used in the preparations of the consolidated profit forecasts may differ significantly from the actual situation after the date of this profit forecast.

After due and careful enquiry, and having taken into account the contracts secured and potential contract(s) to be secured, favourable outlook for the Oil and Gas Industry, our plans to expand our business activities in the domestic markets and also venture overseas, our Directors are of the opinion that the consolidated profit forecast is achievable under the prevailing business and economic environment.

OUR Directors are also of the opinion that our Group will continue to be liquid and have sufficient funds for our working capital and investment requirements.

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9.7 DIVIDEND FORECAST

The declaration of interim dividends and the recommendation of final dividend are subject to the discretion of our Board and any final dividend for the year/period is subject to shareholders' approval. It is our intention to pay dividends to shareholders in the future; however, such payments will depend upon a number of factors, including our Group's financial performance, capital expenditure requirements, general financial condition and any other factors considered relevant by our Board.

Based on the consolidated profit forecast for the fifteen (15) months ending 31 December 2008 and assuming that the current basis for calculating taxation and the rates of taxation remain unchanged, our Directors anticipate that our Company will be in a position to propose a net dividend of 3.65 sen (or 7.30%) per Share for the fifteen (15) months ending 31 December 2008, based on the enlarged issued and paid-up share capital of 352,000,000 Shares.

The intended appropriation of the forecast consolidated PAT for the fifteen (15) months ending 31 December 2008 would be as follows:-

Forecast	**15-month ending 31.12.2008 (RM'000)**
Revenue	183,199
PBT	59,993
Taxation	(14,806)
PAT	45,187
MI	-
PAT after MI	45,187
Net dividend per Share (sen) [(a)]	3.65
Net dividend yield (%) [(b)]	2.52
Net dividend cover (times) [(c)]	2.81

Notes:-

(a) Based on the enlarged issued and paid-up share capital of 352,000,000 Shares.

(b) Based on the IPO Price of RM1.45

(c) Based on the forecast annualised diluted net EPS of 10.27 sen.

You should note that actual dividends proposed and declared, may vary depending on the financial performance and cash flows of our Group, and may be waived if the payment of the dividends would adversely affect the cash flows and operations of our Group.

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9.8 SENSITIVITY ANALYSIS

The following sensitivity analysis is prepared by the management of our Group and has not been independently verified by the Reporting Accountants. It is based on the forecast assumptions set out in Section 9.5 above and assuming all factors remaining unchanged except for the 5% and 10% upward or downward variations in the revenue and the cost of materials and labour. Notwithstanding the impacts of the variations in the revenue and cost of materials and labour as outlined here, there may exists other factors which have not been taken into account, while variations may have a significant effect, either positively or negatively, on the financials of our Group. The sensitivity analysis is as follows:-

9.8.1 Variations in Revenue

The sensitivity analysis on revenue is prepared based on the assumption that all other things remain unchanged except for the 5% and 10% upward and downward variation in revenue:-

	Revenue	Cost of Sales	Gross Profit	PBT	PAT After MI	Gross Profit Margin
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	%
Up to 10%	201,519	105,062	96,457	69,327	52,217	47.9
Up to 5%	192,359	100,570	91,789	64,659	48,701	47.7
Base case	**183,199**	**96,076**	**87,123**	**59,993**	**45,187**	**47.6**
Down 5%	174,039	91,583	82,456	55,326	41,672	47.4
Down 10%	164,879	87,091	77,788	50,658	38,156	47.2

9.8.2 Variations in Materials and Labour Cost

The sensitivity analysis on materials and labour cost is prepared based on the assumption that all other things remain unchanged except for the 5% and 10% upward and downward variation in cost of sales:-

	Revenue	Cost of Sales	Gross Profit	PBT	PAT After MI	Gross Profit Margin
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	%
Up to 10%	183,199	103,175	80,024	52,894	39,840	43.7
Up to 5%	183,199	99,626	83,573	56,443	42,513	45.6
Base case	**183,199**	**96,076**	**87,123**	**59,993**	**45,187**	**47.6**
Down 5%	183,199	92,527	90,672	63,542	47,860	49.5
Down 10%	183,199	88,978	94,221	67,091	50,533	51.4

Based on the above assumptions, the sensitivity analysis shows that our Group will continue to remain profitable for the forecast period even if the revenue is varied downward by 10%, or if the materials and labour costs are varied upward by 10%.